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DAY LABOR:

A Labor Market Analysis of Temporary Industrial Workers

by

Steven West

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RESOURCE COLLECTION

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Temporary Industrial Workers

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C. Steven West

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TABLE OF CONTENTS

	<u>Page</u>
Preface.	vii
I. Introduction.	1
A. Definition of Day Labor.	1
B. Model of the Day Labor Market.	2
II. The Labor Market Context of Day Labor	3
A. Neoclassical Theory.	3
B. The Job Competition Theory	5
C. Market Segmentation Theory	6
D. Casual Labor Markets	7
E. Summary.	9
III. Research Methods.	10
A. Research Mission	10
B. The THS.	11
C. The Day Laborers (Labor Supply).	11
D. The Firms (Labor Demand)	12
IV. Supply Characteristics.	14
A. Background Characteristics of Day Laborers	15
B. Day Labor Market Affiliation	19
C. Day Labor Entry Characteristics.	21
D. Day Labor Market Attachment Characteristics.	24
E. Permanent Employment Experiences	28
F. Summary.	37
V. The THS as a Labor Market Intermediary.	39
A. The THS: A Definitional Problem	39
B. History and Trends	40
C. The THS -- Day Laborer Relationship	41
D. THSs and Permanent Employment.	52
E. THS -- Firm Relation	54
F. Summary.	60
VI. Demand Characteristics.	61
A. Patterns of Utilization.	61
B. Work Tasks and Work Training	67
C. Organizational Characteristics	68
D. Summary.	75

	<u>Page</u>
VII. Prices.	77
A. The Day Laborers	77
B. The Firms.	79
VIII. Conclusions	81
A. Day Labor as Casual Labor.	82
B. Day Labor and Permanent Employment	85
Footnotes	90
Bibliography	91

FIGURES

	<u>Page</u>
1. Model of Day Labor Market.	2
2. Day Laborer Marital Status	17
3. Annual Personal Income of Day Laborers	18
4. Reasons for Entry Into Day Labor	22
5. Initial Point of Day Labor Market Entry.	24
6. Permanent Work Experiences of Day Laborers by Occupation	30
7. Wage Rates of Past Permanent Jobs of Day Laborers.	32
8. Length of Past Permanent Jobs of Day Laborers.	35
9. Reasons for Job Termination.	36
10. Reasons to Work at Temporary Jobs.	43
11. Choice of Temporary Help Office.	45
12. Reasons for Utilization of Temporary Workers	55
13. Factors Most Important in Selecting THSS	57
14. Most Important Reason for Utilization of Temporary Workers	62
15. Reasons to Utilize Temporary Workers	64
16. Advantages of Using Temporary Employees.	65
17. Disadvantages of Using Temporary Employees	66
18. Work Tasks Performed by Day Laborers	67
19. Reasons for Hiring Problems.	71
20. External Demand Characteristics.	74
21. Production Process Characteristics	75

TABLES

	<u>Page</u>
1. Job Preference by Reason for Day Labor Market Entry.	23
2. Type of Market Attachment by Initial Point of Day Labor Entry.	26
3. Job Preference by Initial Point of Day Labor Entry	27
4. Permanent Wage Rate by Race.	33
5. Job Preference by Past Permanent Wage.	34
6. Assignment Wait by Race.	49
7. Non-Assignment by Race	50
8. Hiring Problems by Regularity of Day Labor Use	71
9. Work Turnover by Regularity of Day Labor Use	73

Preface

The employment problems of low income and Black, Indian and Chicano/Latino residents of Minneapolis have been at the heart of the Urban Coalition's agenda since its founding in 1968. During that time, however, the Coalition has been repeatedly frustrated with both the dominant conceptualization of employment problems and with the traditional policy responses that flow from it.

The dominant conceptualization and resulting policies tend to focus almost exclusively on the competitive deficiencies of the workers. Code words like "hard-to-employ" and "disadvantaged," while seemingly neutral, convey the idea that employment problems stem from the lack of skills, experience or motivation of certain segments of the working population.

There is a growing awareness, however, that focusing exclusively on workers as the source and solution of employment problems is to frame the issue too narrowly. More and more, analysts of employment issues and labor markets are considering how available work opportunities affect employment problems. This perspective maintains that jobs and workers are interactive, and that neither should be considered in isolation. Thus the examination of hard-to-employ workers should also consider the effects of unattractive, hard-to-fill jobs and the systematic influences of the employment structure as the other side of the employment coin.

The Coalition also finds inadequate the traditional mode of analysis of employment issues through the reliance on unemployment statistics. These statistics are better indicators of some segments of the working population than others. Because of the relatively small number of Blacks, American Indians and Chicanos/Latinos in Minnesota, the U.S. Department of Labor and the Minnesota Department of Economic Security do not provide data on non-white employment conditions through their regular procedures. They likewise have not seen fit to conduct periodic special studies to achieve this end.

This reliance on existing unemployment statistics obscures significant employment problems among special segments of the population. Moreover, in recent years the aggregate unemployment rate in Minnesota has been significantly below national rates. In combination, these two factors create what the Coalition believes is a false sense that there is no unemployment problem in Minnesota.

The study that follows was conducted by the Urban Coalition with the financial support of the Center for Urban and Regional Affairs of the University of Minnesota. It is a modest attempt to examine a sector of the labor market where the traditional conceptualization of employment problems does not apply. Unemployment statistics likewise fail to provide a good measure of existing conditions. It is an examination of the labor market for temporary industrial workers--day laborers, as we have termed them.

Little is known about the current state of affairs at this "edge" of the labor market. Use of day labor seems to be growing. During the course of this examination, the number of temporary help services operating in Minneapolis almost doubled. A relatively high proportion of the day laborers are Blacks, Indians or Chicano/Latinos, groups that have historically benefitted least from the operation of the primary labor market. All of these factors seemed to point to a subject for study of special importance to the low income and non-white peoples whom the Coalition represents.

This study is only a beginning. Other inquiries into the labor market are essential if we are to adapt to changing conditions and eliminate policies and practices that have been failing for years. The Coalition believes that inquiries such as this one will help us to step beyond the current models and programs to a new perspective and a new policy approach.

The Coalition wishes to thank the Center for Urban and Regional Affairs for its support, specifically for this examination of a relatively obscure topic and, more generally, for an examination in the field of employment, a crucial subject as we enter a new economic era in this society.

The Coalition wishes to extend special thanks to the study's author, Steve West, and the numerous interviewers who worked on the project. Finally, the Coalition wishes to thank Catherine Allen for preparation of the manuscript.

Peter J. McLaughlin
Research Director

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President

I. Introduction

There is a paradox built into investigation of current employment problems. The concepts and approaches that gain currency are worked on year after year by many independent investigators. These concepts become improved and refined and in the process attract more and more of the available investigative capital. The result is that employment problems take on definitional and conceptual boundaries. Problems that do not easily fit into these boundaries are neglected. The potential impact of problem areas outside the main body are minimized because there is neither the developed theoretical apparatus nor the directly gathered data to frame the issue.

A. Definition of Day Labor

This is an investigation into an area of the labor market that has resided outside the traditional boundaries delineating employment problems. The term "day labor" is not used very often in the literature on labor market activity, although it is a concept that is generally known and applied in many contexts. We have adopted the term because it is so expressive and meaningful when taken literally. By day labor we understand a work situation where a worker is engaged on a daily basis, with no guarantee of extended employment.

The concept must be handled with care. In the language of yesterday, day laborers were considered "casual" or "peripheral" workers who lacked a permanent attachment to the labor market. Traditionally, these workers were concentrated in a few distinct industries; notably longshoring and construction. Today this limited industrial affiliation is no longer valid. Day laborers are attached to a much broader range of employments. This expansion of workers irregularly engaged in industrial tasks has been facilitated by a relatively new, and as yet unexplored, labor market intermediary: the temporary help service (THS). A THS is an organization that employs day laborers and "rents" them to industrial firms. The employment relationship fostered by a THS is different in two ways. First, workers are hired for a short time period, typically on a daily basis. There is no guarantee or expectation that the employment relationship will be lasting. Second, the workers, although hired and paid by the THS, actually perform work tasks independent of the temporary offices. The "broker" function

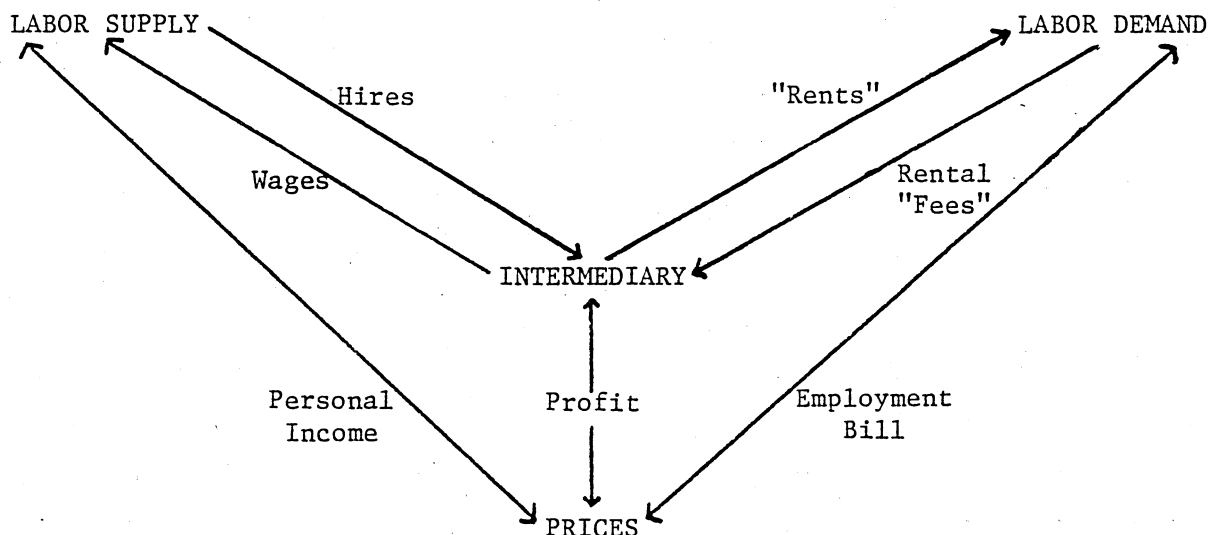
the THS performs between the worker and work location results in a unique relationship. In fact, it is arguable that this relationship makes day laborers the most estranged members of the employed labor force.

This investigation of day labor in Minneapolis seems particularly timely. In the past year the number of THSs employing day laborers has increased from seven to thirteen. We estimate that these offices deliver almost 2000 workers daily to area industries. This is a significant impact on the urban economy, an impact that is largely ignored because the workers have not been part of the mainstream of the American economy.

B. Model of the Day Labor Market

This investigation will examine four components of the labor market for temporary industrial workers. First, we will examine the labor supply: the day laborers. Second, we will examine the temporary help services and their function as intermediaries. Third, we will delineate the characteristics of the labor demand by firms utilizing day laborers. Finally, we will examine prices as they affect the interrelationship of all of the components. Figure 1 presents a diagrammatic view of the interrelations of all four components in our labor market model.

FIGURE 1
Model of Day Labor Market



II. The Labor Market Context of Day Labor

This study is an investigation of the operation of a day labor market. A labor market is one in which job applicants and job vacancies are matched. Although we speak of "a" labor market as if it were a unitary construct, the market is really a complex array of related submarkets divided by geography, industry, occupation and the skill levels of the laborers as well as the characteristics of their attachment to particular markets. Regardless of how the market is structured, all labor markets perform two main functions: (1) to fix wages and other terms of employment, and (2) to allocate labor among occupations, jobs and employers (Levitan, et. al., 1976).

This chapter will present different theoretical frameworks by which we can understand the day labor enterprise. There have been many descriptive accounts of the temporary service industry (Gannon, 1974; Moore, 1965a), but few have attempted to place their analysis within the perspective of contemporary labor market theory. One reason for this is that temporary employment is substantively different from either full-time or part-time employment. Temporary work involves a full-time commitment to a job, but only for a short time. This factor tends to take temporary work out of the mainstream of labor market theory and analysis.

The examination of theoretical perspectives on labor market operation is important for the analysis of day labor. Labor market engineering is now an important policy concern. But an engineer is only as good as his blueprints. A theoretical analysis of labor market structures will have important policy implications for identifying and solving market-related problems. At this point it is appropriate to briefly examine four different labor market theories. Each will be summarized and examined for its relevance to operation of the day labor market.

A. Neoclassical Theory

Orthodox economics envisions the labor market as a unitary, continuous structure. This concept has led to the so-called "queue theory," which is the dominant orthodox perspective on how the market operates. The "queue theory" attempts to explain as much as possible in terms of a single parameter -- marginal productivity.¹ This theory is derived from one fundamental hypothe-

sis: In the long run, given assumptions of perfect competition and market equilibrium, workers' wages equal their marginal productivities (Thurow, 1969).

The neoclassical theory of labor market operation is the epitome of simplification and abstraction. This at once is its greatest strength and weakness. It is a strength because it points to the universal structural relationships of micro-economics. It is a weakness because the domain assumptions of perfect competition and perfect information on both the demand and supply side of the market differ from labor market realities.

The neoclassical focus on marginal productivity in the wage-employment determining process has resulted in more theoretical development on the demand side of the economy. One result is that "the live human body," always an anomalous variable in orthodox economic analysis, is treated as a commodity (Boulding, 1972). With this perspective there is only limited understanding of circumstances that can create and perpetuate labor market problems for disadvantaged segments of the labor stock.

With the marginal productivity of the worker determining the demand and therefore the supply of labor, the "queue theory" is used to analyze the relationship of skill and unemployment. According to the theory, employers rank order workers along a continuous ordinal vector by their marginal productivities. Workers with less competitive skills are those at the bottom of the queue. As employers select workers from the top of the queue downward, those at the bottom are most likely to end up with the worst jobs or be left with no jobs at all.

This orthodox approach to the labor market seems to have only limited relevance to day labor. It is only valid to the extent that temporary industrial workers can be shown to possess lower skill credentials than other workers. And it is only valid if the day laborers wish to be lined up on the queue for full-time, permanent employment. The model does not have any real way of gauging the impact of the irregular demand for workers by industry and the effect this has on the supply of workers. As will be shown, the irregular pattern of demand seems to be one of the principal structural parameters of day labor markets.

B. The Job Competition Theory

A theoretical perspective similar to the neoclassical tradition but with important distinctions is the job competition theory advocated by Lester Thurow (1975). The orthodox tradition places much emphasis on the competition of workers with different measurable skill credentials. The labor market mechanism essentially facilitates the matching of these worker traits with the needs of the employer. However, many jobs may not be filled according to the existing skills of a job applicant but provide an opportunity to acquire new skills. In this view the labor market is really a training market where workers compete for existing training opportunities.

The neoclassical concentration on worker skills and marginal productivity is, from the job competition perspective, fundamentally altered. Marginal productivity does not reside in the skill pool of available labor, but rather in the job itself. A person learns a high-paying, productive job by being hired and trained on the job. Consequently, the job search is in fact the search for a training slot. This will not only enable the worker to learn the skills which carry a good rate of pay, but will also insure opportunities for further learning in the future. A job which carries with it the opportunity for extended training and responsibility will also be a job with a greater potential marginal productivity.

The shift from the worker himself in orthodox opinion, to the job in the job competition theory carries two important implications for labor market analysis. The first is that the traditional "queue theory" of market structure is in need of revision. The queue analogue is still valid although the rankings are a result of interrelated "background characteristics" that extend beyond a single factor, the productivity of the worker. To employers, these characteristics (social, physical, economic) represent expectations of training costs that the worker must undergo before he is ready to fill a job. The queueing mechanism is the same, although this time employers pick and train those workers in need of the least training first before progressing down the queue.

A second implication of the job competition theory is a new focus on the distribution of available job and training opportunities. This increased examination of job opportunities necessitates a further distinction: between external and internal labor markets. External markets are those that most

closely resemble the framework of orthodox economic analysis; they are concerned with overall supply and demand factors that are independent of the actions of any given firm. Internal labor markets are systems of labor exchange within firms, the regulation of hiring, job placement and promotion.

The external and internal markets are interconnected at stipulated "ports of entry." These are the job classifications for which the firm hires from the external labor supply. It is these ports that are most closely guarded as firms attempt to exercise control over the composition of their workforce (Doeringer and Piore, 1971).

The formation of internal markets with limited ports of entry is a powerful barrier affecting aggregate supply and demand conditions of the external market. As a result, competition for jobs depends upon innumerable local-firm factors that control training opportunities. The implication of this theoretical orientation to the analysis of the day labor market should be obvious. There is a double mandate: the first is to investigate the "background characteristics" of the day laborers. The second is to investigate aspects of the internal market of firms utilizing day laborers to gauge opportunities for work and training.

C. Market Segmentation Theory

Theories of labor market segmentation are currently in vogue among students of labor market operation.² Market segmentation theories developed from a number of separately conducted research efforts on ghetto labor markets (Gordon, 1972) and reflect sociological accounts of the attitudinal and behavioral characteristics of residents of depressed urban areas (Dizard, 1968; Gans, 1962; Liebow, 1967; Whyte, 1948).

Together, these examinations forged a heuristic description of the labor market attachment of workers in low-income areas. Most importantly, the studies revealed the centrality of job instability in promoting labor market disabilities. The studies rejected the traditional notion that the poor were deficient in work skills, that the labor force categories of employed, unemployed and not-in-labor force workers were stable and that there was a standard, dominant work-ethic motivating the urban poor (Gordon, 1972).

The proponents of the market segmentation theories view the labor market as divided into different sectors. Although not all of the theorists agree

on the exact divisions of the labor market, they share a fundamental hypothesis: the quality of individual jobs is important to understanding the behavior of both workers and employers. The quality and characteristics of the jobs are the best indication of divisions in the labor market.

Piore (1969, 1970) has made the most elaborate argument in favor of market segmentation. He maintains there is a "dual market" distinguished by "primary" and "secondary" sectors. In large part, the division of the market into primary and secondary sectors is forged by the different behavioral characteristics the market demands of both employer and worker. The primary sector demands stable work patterns on the part of the workers and helps facilitate these work patterns with institutional arrangements that foster stability. The hallmark of the primary sector is career development. Jobs are typically ordered in logically arranged progression lines, with one job developing the expertise and ability to move to subsequent jobs. Thus we see that the development of internal structures is an important feature of the primary labor market.

In contrast, there is very little career development in the secondary labor market. Jobs in this sector tend to be dead-ended, compelling the worker to look elsewhere for better opportunities. As workers follow this pattern through several trials--constantly, yet unsuccessfully, changing jobs, hopeful of better opportunities--a vicious cycle of job instability may be created. Gradually, as employers and workers adapt to these unstable patterns, institutional forces converge to perpetuate the conditions and form fundamental divisions between primary and secondary markets. Market segmentation theories maintain that the high rate of unemployment among disadvantaged workers does not reflect the absolute unavailability of jobs. Rather, it reflects the turnover that is inherent as workers move from one secondary market job to the next.

D. Casual Labor Markets

The oldest market that can be associated with day labor is the market for casual labor. Casual labor is not so much a theory of market operation as it is a description of a market structure. However, the structural characteristics of casual labor can be related to the previously mentioned theoretical perspectives in a number of ways.

Casual labor is the product of the demand for labor. Or, as Clark (1923, p. 368) has noted: "casual work tends to make casual workers." Specifically, casual labor is the result of intermittent demand for labor by firms experiencing fluctuations in their production schedule (Beveridge, 1930; Morewedge, 1970). This focus on the demand for workers can be related to both the job competition theory and the market segmentation theories that we have just discussed.

In the traditional casual labor industries of longshoring and construction, the natural operation of firms entailed periods of frantic work alternating with periods of idleness. Workers were engaged when work was available and dismissed when it was not. The demand for labor in casual markets was distributed among many separate employers. Workers did not develop attachments to individual employers but instead labored for a group of firms within an industrial market.

Hiring in a casual market was conducted through the "shape-up" -- an informal process of selecting among those unemployed workers who appeared at designated locations. This hiring method came to be blamed for many of the evils that were seen as a natural phenomenon in casual markets: infrequent work, forced idleness, inadequate earnings and an oversupply of workers. The oversupply of workers was the result of each employer attempting to ensure an adequate supply of labor to meet peak demand. Each employer maintained separate reserves, resulting in an unnecessary glut of labor breeding the conditions of chronic unemployment and underemployment (Beveridge, 1930).

Today, casual labor markets are associated with "old-style" labor market problems. Efforts to "de-casualize" industries have proven successful. Today, the casual elements in industry are not thought to pose significant problems, although they undoubtedly still exist.

In the context of the present study it is unfortunate that the term "casual labor" is declining as an explicit referent in the economic literature. There is a direct relationship between casual labor markets and the market for temporary industrial workers. Their common elements are: (1) intermittent demand patterns with the consequent requisite of short-term, irregular employment (Beveridge, 1930; Gannon, 1978; Hicks, 1964); (2) unrestricted entry, low skill, and low pay (Beveridge, 1930); and (3) weak attachments of workers to markets (Hicks, 1964; Morewedge, 1970).

E. Summary

It is evident from continuing employment problems that labor markets do not function as effectively as they might. These problems range from the inadequate competitive skills of the workers to the demand characteristics and industrial structure of business firms. This chapter was designed to present different theoretical perspectives on how labor market problems develop.

In the following chapters we will present data on the four components of our day labor market model. A question naturally arises: Given the substantive differences of each theoretical perspective, which theory will we adopt as our own? Will we examine the quality of the workers' skills as suggested by the neoclassical perspective? Will we examine the "background characteristics" of the day laborers as well as their prospective employment slots as advocated by the job competition theory? Or will we concentrate on the differences between "primary" and "secondary" employments by analyzing characteristics of work instability as proposed by the segmentation theorists?

The answer is "all of the above." Our position is that the delineation and solution of labor market problems requires a flexible analytic perspective. Not enough is known about the interrelations of various theories of labor market operation or about different market types. No single theory or typology can hope to account for the diversity of labor market activity in an economic system as complex as ours.

Researchers should not be afraid to be eclectic in the framework they use in studying market operations. This is particularly true in an area like the day labor market that is so bereft of theoretical formulation. Each of the perspectives that we reviewed contains elements that will be useful in analyzing the day labor market. Our task is to integrate and expand on the concepts that were developed to generate a theoretical framework for the day labor market.

III. Research Methods

This study was intended as an exploratory effort to understand and describe the market for temporary industrial workers in Minneapolis. As depicted in Figure 1, four components were identified in the labor market structure: labor supply; labor market intermediary influences; labor demand; and prices. The first three of these components were the target of separate research inquiries. Information on the last component, prices, was derived from all data sources.

A. Research Mission

Our mission was to describe the employment pattern of the main body of the day labor market. Because of this we directed our research to those temporary help services (THSs) most directly associated with day laborers. These THSs have in common one organizational feature: a hiring hall.

Hiring halls have traditionally been associated with casual labor markets (Glover and Franklin, 1978; Jenson, 1958; Morewedge, 1970). At these establishments unemployed workers "queue up" to be assigned temporary jobs. We chose to concentrate on THSs organized as hiring halls for a number of reasons. First, these establishments are very visible and therefore most accessible to research. Secondly, these offices are located in areas where large numbers of low-income persons reside--the areas and workers from which the typical population of day laborers is drawn. Thirdly, hiring halls typically have few if any screening proscriptions. Jobs are assigned to anyone meeting minimal personal and skill standards. Finally, given the above reasons, the THSs with hiring halls were expected to provide employment opportunities to the mainstream of the day labor population.

There are other THSs that assign temporary jobs in the industrial sector. These offices do not have hiring halls but dispatch their workers by phone. These establishments typically deal with more specialized assignments and generally concentrate on the clerical and professional/technical sectors of the market. However, some day labor jobs are assigned. Offices of this type were not part of our survey. We chose, instead, to concentrate wholly on those THSs most associated with day labor -- the ones with hiring halls.

B. The THS

The first stage of our research was exploratory in nature. In this stage we wanted to map the day labor system in Minneapolis. We wanted to locate the appropriate temporary help services and begin to understand their operation: the types of jobs that were assigned; the characteristics of the workers; and the firms utilizing the service.

The exploratory phase consisted primarily of two separate, but related, research efforts. First, in an effort to gain entry into the field and acquaint ourselves with the day labor experience, we observed participants at the day labor offices. We identified seven THSs in Minneapolis that met our criterion. At least two visits were made to each office, at different times of the day. Sometimes our presence was announced to office management and at other times we entered unannounced. These visits were informative with regard to both the job assignment procedure and the racial, sexual and age attributes of the workers.

After we had observed each of the seven offices, we contacted the managers of the offices to explain our research and to ask if we could interview them. Six of the seven office managers consented to interviews. The interviews were open-ended and unstructured. This information was vital for the development of questionnaires and decisions of subsequent research methods.

Most importantly, our interviews with the managers of the THSs gave us an indication of their attitude about research. This attitude was one of suspicion and non-cooperation. In fact, when we recontacted the managers after the exploratory phase to explain the main thrust of our research, only three managers allowed us to talk with the day laborers on their premises. This attitude did not hinder our investigation; it simply fortified our belief that this was an important topic.

C. The Day Laborers (Labor Supply)

The second component of our labor market system was labor supply. Face-to-face interviews with day laborers was the principal method of research. One hundred interviews were conducted with day laborers. The interview, which was composed of both open-ended and fixed-choice questions took approximately 45 minutes to complete. In exchange for their time and effort (and to facilitate responses),

a five dollar stipend was awarded to each day labor respondent upon completion of the interview.

Our sample of day laborers was a non-probability sample. Because of the temporary conditions of their employment, the freedom of movement day labor allows workers, and the lack of cooperation from the office managers, it was impossible to complete a sampling frame of workers from which we could randomly choose. Thus, it is impossible for us to estimate the sampling error or to assess how well the results represent the entire population of day laborers.

However, our sample was a good-faith effort to accurately reflect the composition of workers in the day labor market. We selected workers according to a quota design developed during the exploratory research. That design suggested that approximately 30 percent of the workers were women, that Blacks and American Indians each represented approximately 25 percent of the total, and that approximately 50 percent of the workers were under 25 years of age.

Despite the quota design, there were random elements to our survey. We altered the times and locations of the interviews. In addition, respondents were identified in a number of ways. First, in those offices where permission was obtained, we were able to go on-site to solicit interviews. In these instances, we tried to be as unobtrusive as possible and not interfere with the assignment process. A second manner of identifying respondents was to observe from the sidewalks the workers entering and exiting the offices. Experience soon allowed us to target the most convenient time for the workers to be interviewed--either right after a work shift or when they returned to the THS to pick up their paychecks.

The interviews were typically conducted at a neutral establishment, usually a restaurant. At one location we interviewed workers on the THS premises in a room adjoining the main hiring hall area where we did not interrupt the assignment process.

D. The Firms (Labor Demand)

The last component of the labor market system was the business firms utilizing day laborers. This component was the most difficult to identify. We wanted to target firms that were "regular" users of day laborers. Most firms at one time or another have probably used temporary workers for odd jobs, but we wanted to find firms with a more systematic use.

We used several methods to develop a list of regular day labor users. First we tried to develop a list of firms through our interviews with the THS managers. But they were evasive regarding their "accounts" and would not divulge any names. Secondly, we contacted the local chapter of the National Association of Temporary Services (NATS) to determine if they could be of help. They had no list of firms utilizing day laborers.

Our most effective means of targeting firms was to ask the day laborers where they were regularly assigned jobs. This question produced a list of sixty-four firms that were regular users of day labor.

We ranked firms by the number of times they were mentioned, beginning with those firms most frequently cited. Each firm was contacted by phone, the appropriate person was identified, and a face-to-face interview was arranged. In six cases, the interview was conducted by phone. The interview schedule consisted of both open-ended and fixed choice questions. The interview took approximately thirty minutes to complete.

The size of our sample was thirty business firms. Because of the small sample size and non-systematic sampling technique, the results of our survey of firms must be generalized cautiously. We feel we did the best job possible of identifying regular users of temporary industrial workers. The findings are most appropriately generalized to those firms that have developed systematic use patterns for temporary industrial workers.

IV. Supply Characteristics

This chapter examines the first component of our day labor market model: the characteristics of day laborers. In the following sections the focus will be primarily on a statistical summation of the attributes of our respondents. However, as with any investigation involving real people, the research yields sentiments that are difficult to quantify and incorporate into a research report. One such impression relates to the different types of day laborers we encountered.

We found that it was not easy to typify a population of workers as diverse as day laborers. An earlier exploration of the conditions of casual labor generated the following typology (Beveridge, 1930, p. 101):

Some are casuals by necessity; they could and would work regularly if they got the chance. Some, having begun as casuals by necessity, have become casuals by inclination; they have at one time been in good employment but now through long years of insufficient employment and irregular habits have become unfit for anything else. Some, perhaps, were born with an invincible distaste or incapacity for regular exertion.

In our study as well, three different types of day laborers emerged. The first group consists of persons confronted with situations that force them into temporary employment as a short-term, expedient measure. Examples are persons between jobs, persons just entering the labor force and persons earning extra income. For the most part these workers believed their tenure as day laborers would be short; they would move on to something better as the opportunity presented itself.

A second group is workers who are in a day labor "holding pattern." Temporary work meets their work expectations. This group has begun to develop a lifestyle consistent with intermittent employment. This does not mean that these workers are exclusively day laborers. There is no steel barrier between a regular, permanent job and a day labor job. The boundaries are fluid and this category of worker is likely to work at a regular job here and a day labor job there. What distinguishes this group is the willingness to accept day labor as a mid-term solution to employment needs.

Finally, a third group is noted. This group is thoroughly captured by the life of irregular, temporary work. the lifestyle fostered by daily work, daily

pay and day-to-day living is an ingrained feature of these workers' perspectives. This lifestyle has discouraged to the point of obliteration the thought or likelihood of re-entering the regular work force. It is this category of worker that is most often associated with the lore of day labor.

The descriptions of these workers are admittedly impressionistic. In many cases the boundaries between the categories are not distinct. While the types of day laborers are certainly related, we do not intend to suggest that there is a linear progression from the first to the third type. But the day labor experience undeniably generates constraints from which it is difficult to escape. This premise is incorporated in the excerpt from Beveridge (1930) on the preceeding page.

The focus of this chapter will be on the conditions that foster and perpetuate day labor employment status. We shall begin by examining the demographic characteristics of the workers. Next we will explore the conditions of initial entry of the workers into the day labor market. We will proceed to examine the nature of the attachment of the workers to the day labor market. Finally, as a comparative component, we will explore the work preferences and work experiences of the respondents.

A. Background Characteristics of Day Laborers

In this section we present an overview of the "background characteristics" (Thurow, 1975) of the day laborers. This section will sketch in broad strokes the salient features of our sample of temporary industrial workers. This discussion will serve as the baseline from which more detailed explanatory analysis will emerge. At this point we should reiterate that our sample was not based on a systematic random procedure and, therefore, we are not capable of estimating the sampling error of our findings.

1. Sexual Distribution

Our sample of 100 was composed of 66 males and 34 females. We believe that this is a rough approximation of the sexual distribution of day laborers in Minneapolis. It is important to consider the implication of this distribution on the types of tasks day laborers perform. Most of the work was light manual labor and could be performed equally well by either males or females. The past association of day labor with rough, demanding, heavy work tasks is

diminishing. The day labor enterprise presents relatively equal opportunities for men and women to work.

2. Racial Distribution

The racial distribution of the workers is more difficult to assess due to the constantly changing population of day laborers and the impossibility of monitoring each of the many day labor outlets simultaneously.

From our observations, it is evident that Caucasians make up the majority of workers. Whites represent 53 percent of our sample. The two largest minority groups in our sample were Blacks at 23 percent and American Indians at 24 percent.³ We cannot be sure that these figures represent the true relative percentages of Black and American Indian participation in day labor. What is apparent, and can be asserted unequivocally, is that there is a large racial minority representation in the population of day labor. This observation is not unexpected given the reality that minority workers tend to be the unwilling monopolists of the lowest paying, least stable jobs that our society has to offer (Work in America, 1973).

3. Age Distribution

According to tradition, day laborers tend to fall into one of two groups: youth under 25 and older workers over 45 (Morse, 1969). However, our observations found this not quite correct. We observed a large number of prime-age workers between the ages 25 and 44. The ages of the day laborers were more evenly distributed than we at first expected.

Our sample included respondents whose ages ranged from 15 to 64. The modal age was 24 (eight respondents). Younger workers were predominant in our sample: 40 percent of the workers were younger than 25. Older workers over 35 represented 30 percent of the sample. The relatively broad distribution of ages is a further indication that day labor is heterogeneous and can be entered into by members of any age group.

4. Education

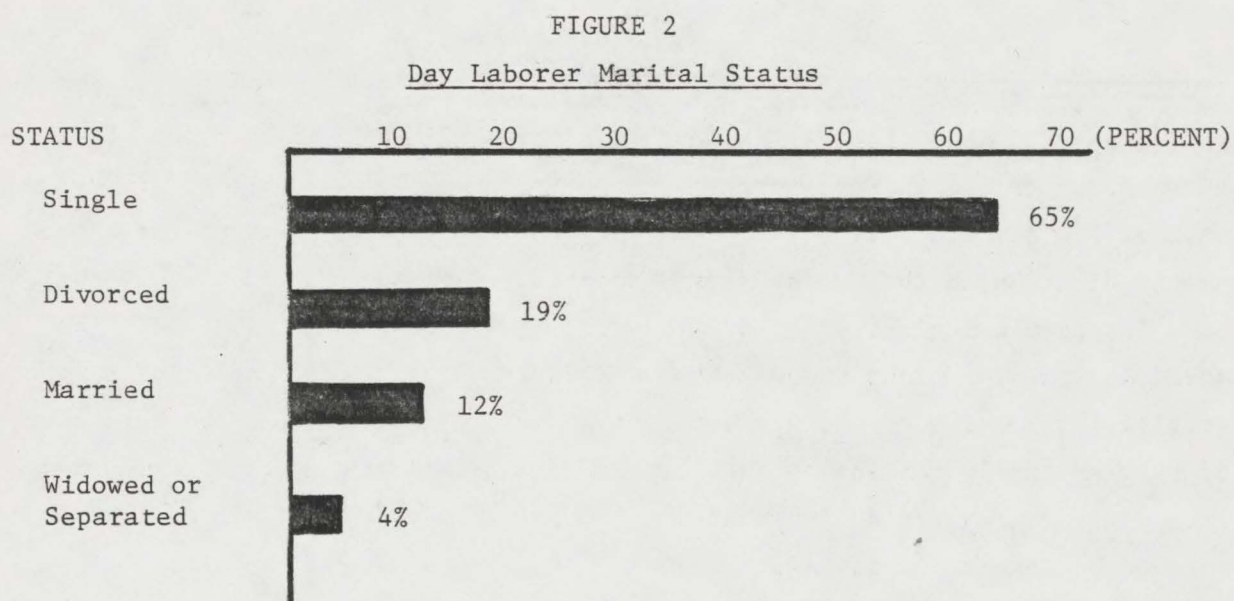
One important descriptor of any class of workers is their educational and training characteristics. Education is often used as a proxy by employers for work-related attributes like self-discipline, training capacity and productivity. However, because the entry restrictions of day labor are minimal or non-existent, educational attainment of the workers is not relevant to their status

as temporary workers. However, it is helpful in assessing the workers' competitiveness in the full-time employment market.

Our sample reveals that 59 percent of the respondents had completed high school. Of those, 17 percent had attended some college and 3 percent were college graduates. Of the 41 percent not completing high school, 26 percent had dropped out of school by the 10th grade. The high school completion rate of our sample seems to be below the national average. In 1976, 68 percent of the population 16 years of age or older had completed high school. Given the competition that exists in the labor market and the continuing "credentialism" that makes finding employment difficult for workers without the proper education (whether job related or not), it may be that day labor serves as a setting that does not restrict access to workers with little formal education.

5. Family Relations

The family relationships of our sample of day laborers are most revealing. Figure 2 presents the distribution of marital relations of our respondents.

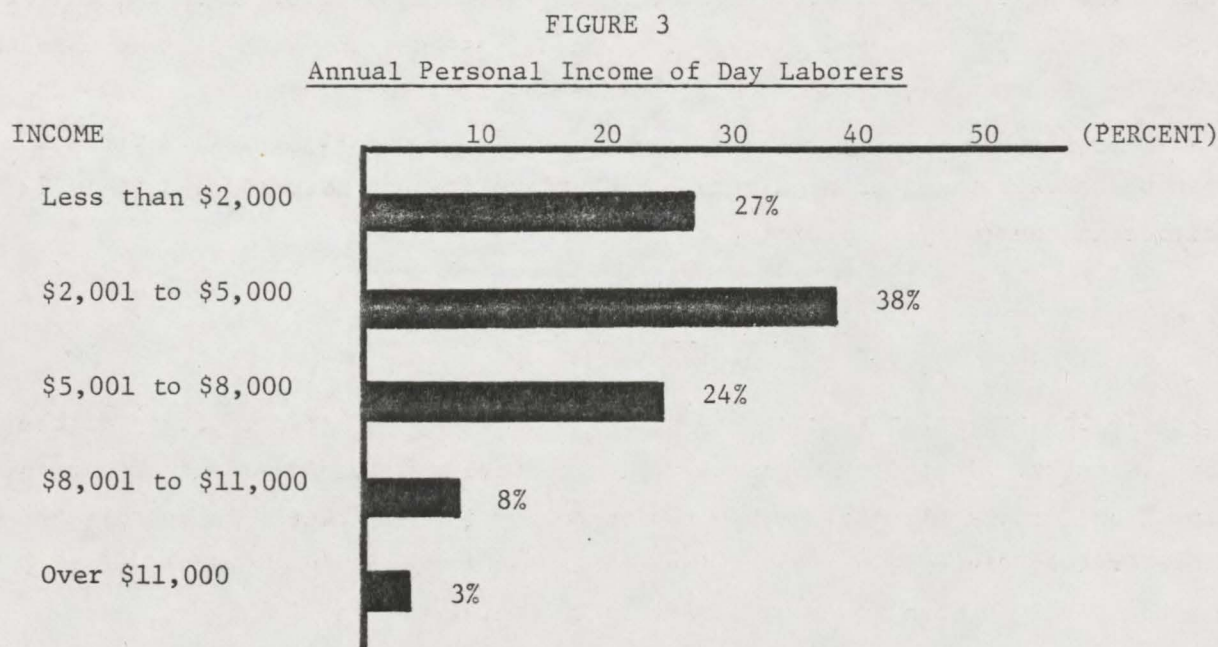


At the time of the interview, 65 percent of the day laborers were single, never having married. Another 23 percent were either divorced, widowed or separated (19 percent, 2 percent and 2 percent respectively). Thus, almost 90 percent of those workers we talked to were not married.

In the interview, we followed the question about marital status with a question concerning the number of children the workers supported. Less than one-quarter (24 percent) of the workers were supporting children. Further, we asked, "How many persons in your household do you support?" A large majority, 68 percent, responded that they support only themselves. Only 20 percent said they were supporting someone other than themselves. Twelve of the one hundred workers indicated that they did not support anyone in their households, implying that they considered themselves to be secondary wage earners and not primarily responsible for household support.

6. Personal Income

The evidence of few family responsibilities is more understandable when we note the income distribution of day laborers. Our data reveal that the workers we interviewed were an extremely low income group. Figure 3 presents personal annual income of the day laborers we interviewed.



From the distribution it is clear that the day labor is not conducive to developing resources that would adequately support a family. Their annual earnings suggest that the respondents are existing at the fringe of the market, making enough to survive yet not enough to do much else.

7. Mobility Characteristics

Day labor lore is full of accounts of transient workers. To test this belief, we asked the workers how long they had been living in Minneapolis. The results were surprisingly divided. Most of the workers, 44 percent, had lived in Minneapolis for over six years. However, another large number, 39 percent, had lived in Minneapolis for less than a year; and of those, 27 percent had lived in Minneapolis for less than six months. The surprising finding was that the remainder of the workers, only 17 percent had lived in Minneapolis between one and six years. Thus, we have large percentages at the extremes--workers who are geographically stable and workers who are more mobile with small percentages in between.

As another estimate of the mobility of the workers, we asked a question regarding the number of cities they had lived in during the past two years. Again, a large percentage of the workers indicated a stable pattern. Almost half, 49 percent, had lived in only one city in the last two years. However, among the other half of respondents, there was more mobility as 27 percent of the 100 workers had lived in two or three cities over the same period. Another quarter, 24 percent, showed even greater mobility, responding that they had lived in at least four cities in two years. In this last group, 13 percent can be characterized as highly mobile, having lived in over six and up to 12 cities in the two year period.

B. Day Labor Market Affiliation

In the foregoing section we sketched some of the characteristics of the day laborers. In this section we will concentrate more directly on the manner in which workers are attached to the temporary labor market. To do this we must briefly discuss what we believe to be the two principal schools of thought on the participation of day laborers in the market place.

In a word, the argument is whether or not the employment status of day labor is involuntary or voluntary. Many view day labor as an inferior alternative to permanent work. Others feel that temporary work experience is an attempt to increase one's freedom, to find an optimal work-leisure tradeoff. We will briefly examine both of these perspectives before we present the findings of our survey.

1. Involuntary Participation

The view that day labor is an inferior job status is related to an undisputed bias in the traditional view of employment in this country. We expect, and our policies reflect, that work should be performed by permanently employed, continuously attached members of the labor force.

Given this view, the intermittent employment of the day laborer is anomalous. Although the workers are employed and contributing useful efforts to society, the intermittent, short-term nature of their work robs them of their credibility. In many ways, day labor has become synonymous with "dirty work." According to Merton (1949), "dirty work" is those tasks created by society that must be accomplished but that, because of their nature, are unpleasant to consider or acknowledge. The result is that both the "dirty work" and "dirty workers" are isolated and ignored.

In an similar vein, Morse (1969) develops an analysis that shows a strong historical precedent for believing that "peripheral" work tasks should be performed by economically subordinate demographic groups. In light of this history, it is not surprising that many people believe that day laborers who perform society's dirty work are somehow deserving of their fate. To paraphrase Hobbes: day labor might be "nasty, brutish and short," but who else is there to get these jobs done? With this view, and the lack of respect it entails, the assumption holds that day labor participation is involuntary.

2. Voluntary Participation

The opposite view maintains that day labor is a voluntary work status. This view arises from the work freedom temporary jobs provide (Fromstein, 1978). The assumption is that day labor positions meet the employment desires of most day laborers.

This perspective is linked to the analysis of how much labor workers are willing to offer at given wage rates. This labor-leisure tradeoff has long interested economists (Kalachek, 1978). Buried within this analysis is the question of whether the standard 40-hour week structures the market so that workers are constrained from working individually optimal hours. The question is one of many dimensions: social, economic, and family characteristics all help to determine an individual's best hours for work. It may be that many workers must work more or less than they would like because of this lack of freedom.

In one sense, the day laborer has perhaps the closest approximation to a true work-leisure tradeoff. The worker is engaged daily, on his own initiative. He has the freedom to vary the number of ours he is willing to work. Under the constraint of minimum wage, the day laborer is in the unique position of altering earnings to meet daily contingencies. His present earnings are not constrained by past performances and his future earnings are largely disassociated from present conditions.

The day laborer may be viewed as the epitome of free economic agent, engaging in employment when and where he likes. In this view, the non-work time of the day laborer need not be considered wasted time. Becker (1965) has refined and pointed out some neglected aspects of the economic and social significance of non-work time. His analysis was not directly related to the temporary worker but it can well be applied. For our purposes, his most important insight is that leisure is not an end in itself, rather it is a means to a further end that has economic or social utility.

Becker points out that time is needed both in the consumption and production of commodities. He proposes that for consumption purposes, the traditional concept of "commodity" must be understood as the union of two components: a "market good" component, and a "time" component. Both are necessary in the consumption of goods satisfying individual needs.

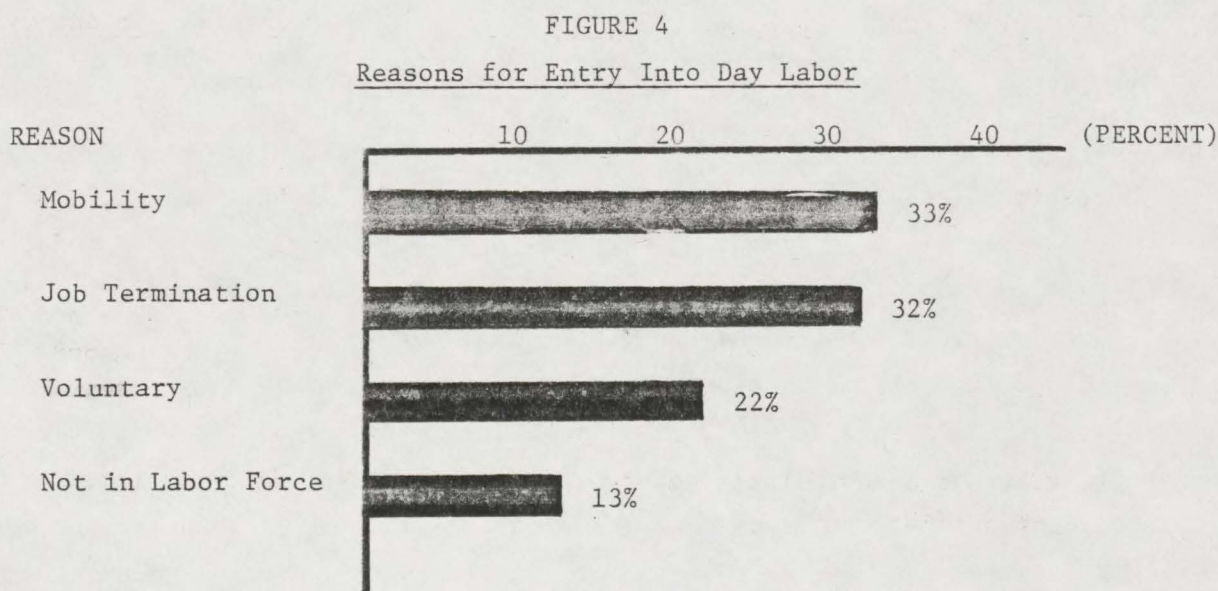
Becker's analysis suggests that there is such a thing as "constructive non-work" that may have either economic or social significance.⁴ Becker is an economist, so his analysis focuses on the economic function of non-work time. But there are many non-economic uses of non-standard hours that may be more important to day laborers. The freedom to work at hobbies, to dabble at avocations or to simply "hang out" may have more social utility to day laborers than the economic utility of full-time work. We note these here as an effort to counter the assumption that full-time employment is the absolute norm and that other forms of labor are somehow deviant.

C. Day Labor Entry Characteristics

The issue of the voluntariness or involuntariness of day labor is complex. One way to resolve the issue is to examine the conditions of entry into temporary industrial employment. Earlier we made the point that day labor is

characterized by unrestricted entry. However, that workers find it easy to become day laborers is not a revealing finding. What is important are the circumstances that move workers into temporary employment. Determining these entry conditions is a first step in deciding whether day labor is a voluntary or involuntary condition of employment.

To determine the market entry conditions of the day laborers, we asked them how they first became involved with day labor. The results are presented in Figure 4.



The results indicate that the two largest groups began day labor employment as a result of moving to a new locale (33 percent) or termination from a previous permanent job (32 percent), either being fired, laid off, or quitting. Thus, almost two-thirds of the respondents became day laborers initially as a result of not having a permanent job. In the remaining one-third, 22 percent became day laborers voluntarily--either to supplement other income or because of the flexibility and freedom of work; 13 percent of the respondents were not in the labor force at all prior to becoming day laborers.

By itself, this distinction does not answer the question of whether day labor is voluntary or involuntary. From the responses, 22 percent of the workers appeared to have entered the day labor status voluntarily. But the other categories are more ambiguous, particularly the two-thirds who became temporary industrial workers not having a permanent job.

To help clarify the issue, we ran a crosstabulation of the work preferences of day laborers by their reasons for day labor entry. This test will discern if the choice of temporary work predominates in any category of reason for day labor entry. The two variable relationship is presented in Table 1.

TABLE 1
Job Preference by Reason for Day Labor Market Entry

WOULD YOU MOST PREFER?	HOW DID YOU FIRST BECOME INVOLVED WITH DAY LABOR?			
	<u>Mobility</u>	<u>Job Termination</u>	<u>Not in Labor Force</u>	<u>Voluntary</u>
Full-time	78.8%	62.5%	69.2%	31.8%
	n=26	n=20	n=9	n=7
Part-time	9.1%	15.6%	15.4%	31.8%
	n=3	n=5	n=2	n=7
Temporary	12.1%	21.9%	15.4%	36.4%
	n=4	n=7	n=2	n=8

$$\chi^2 = 12.87^* \quad df = 6 \quad p < .05$$

*The Chi Square statistic may be biased because of low expected cell frequencies.

Those in the entry categories of mobility, job termination and not-in-labor force were much more likely to choose full-time employment as their most preferred job situation (78.8 percent, 62.5 percent and 69.2 percent respectively). Those in the voluntary entry category were much less likely to prefer full-time employment (31.8 percent). In fact, the workers who entered the day labor market voluntarily were more likely to prefer temporary employment (36.4 percent) than either full-time or part-time employment (31.8 percent each).

The results indicate that day labor tends to be a less preferred and, implicitly, more involuntary work status than the alternative of full-time employment for most workers. This is particularly true among workers who entered the day labor market without having had a permanent job. However, there is a substantial group of workers for whom day labor is a voluntary work status.

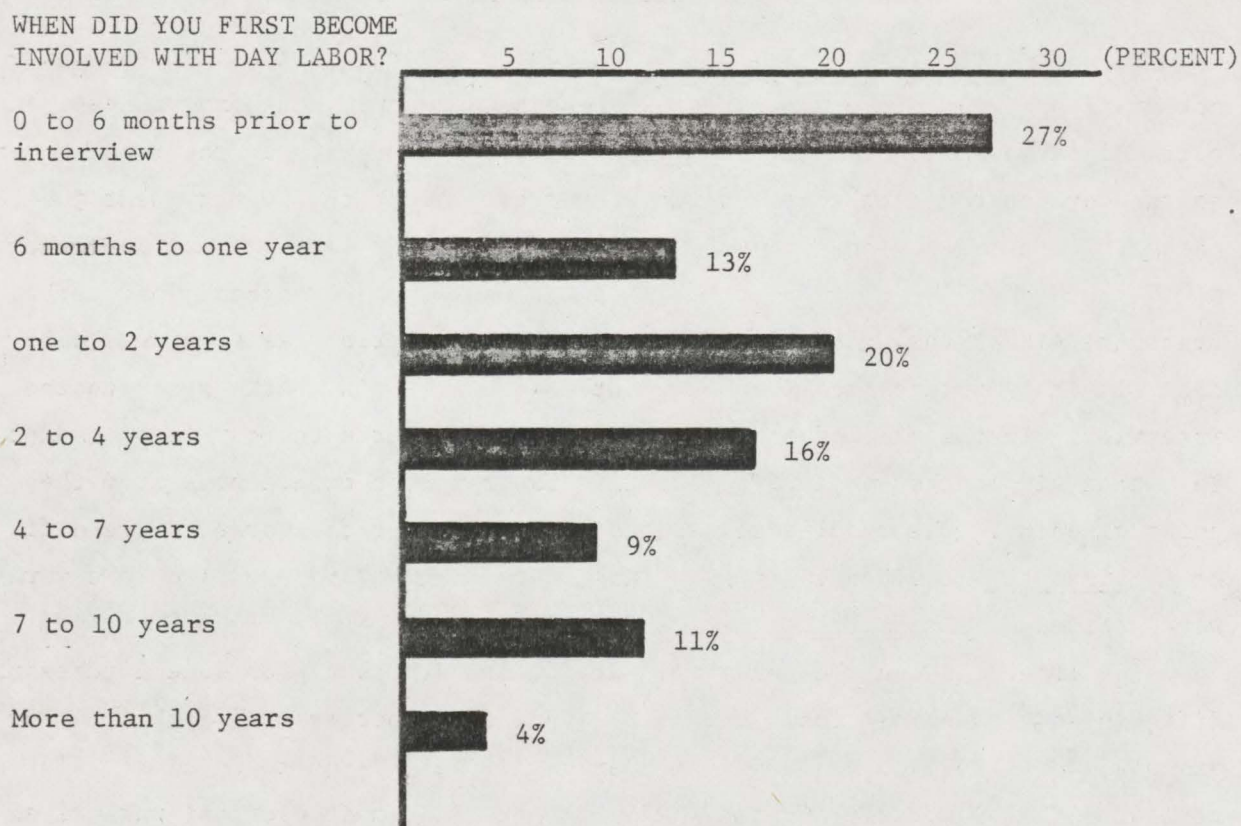
D. Day Labor Market Attachment Characteristics

Equally important as the conditions of entry into day labor employment are those conditions that can perpetuate the status of day labor. This section will concentrate on those variables that reveal the attachment of the worker to the temporary industrial market. It will also yield information important to the definition of day labor as a voluntary or involuntary work endeavor.

The first issue we investigated was when the respondents became involved with temporary employment. The results are show in Figure 5.

FIGURE 5

Initial Point of Day Labor Market Entry



The largest portion of workers had entered the day labor market within the past year of the completed interview (40 percent). This group can be termed recent entrants. Another group comprising those workers who had entered between one to four years prior to the interview, can be termed intermediate entrants

(36 percent). The last group is made up of workers who, at the time of the interview, had become day laborers at least four years prior. This group can be termed long-term entrants (24 percent).

The interpretation of the distribution in Figure 5 is somewhat ambiguous. The distribution reveals only the time span from our interview and the point at which the workers first worked at a day labor job. It is not meant to imply that these workers have been day laborers continuously since their initial entry. Given the great mobility of some of the workers, the impermanence of the status of day labor, the sometimes confusing definitions of types of work and the foibles of personal recall, it is hard to ascertain the degree of attachment of day laborers to the temporary employment market.

1. Continuous and Intermittent Market Attachment

In an effort to more clearly determine the labor market attachment characteristics of the workers, we reviewed their past employment experiences. In particular, we scrutinized their past experiences to gauge how their attachment to the day labor market compared with their attachment to the permanent job market. We defined a continuous attachment to the day labor market as having, at the time of the interview, worked continuously at a day labor job for the preceding six months. Intermittent attachment was defined as working alternatively at temporary jobs and permanent jobs in the six months prior to the interview. In the case of those workers who had entered the day labor market less than six months earlier, we examined labor market experiences from the point of entry. The results reveal that 51 percent of the workers were defined as continuously attached to the day labor market while 48 percent of the workers were defined as intermittently attached.

The literature on the temporary service industry suggests some interesting differences between day labor and other kinds of temporary work markets. For example, job tenure among temporary clerical workers tends to be short. In reviewing the literature, Gannon (1978) reports that most clerical workers are attached to temporary jobs from four to seven months. Our finding that roughly 50 percent of the day laborers were continuously attached to the market for at least six months suggests that job tenure may be longer in the industrial sector than in the clerical sector.

In an effort to explain the market attachment of day laborers, we examined the two variables: the type of market attachment and the initial date of day labor entry. The relationship is shown in Table 2.

TABLE 2
Type of Market Attachment by Initial Point of Day Labor Entry

TYPE OF DAY LABOR MARKET ATTACHMENT	WHEN DID YOU FIRST BECOME INVOLVED WITH DAY LABOR?		
	Recent (1 year or less)	Intermediate (1 to 4 years)	Long Term (over 4 years)
Continuous	33.3% n=13	61.6% n=22	66.7% n=16
Intermittent	66.7% n=26	38.9% n=14	33.3% n=8

$$\chi^2 = 8.7 \quad df = 2 \quad p < .05$$

The distribution shows that the longer they had been involved in the day labor market, the more likely the workers were to be continuously attached to it. Only 33.3 percent of the recent entrants were continuously attached, compared to 61.1 percent of the intermediate entrants and 66.7 percent of the long-term entrants.

This suggests that the market attachment characteristics of the day laborers may be substantively different from those of the clerical workers cited in the literature. The findings show that the recent entrants were more likely to be intermittently attached to the day labor market. That is, recent entrants were more likely to show a mix of permanent and temporary employment experiences in the six-month period prior to the interview. Those workers with a longer span of time between the initial entry and the interview were much more likely not to have mixed permanent and temporary work experiences in the six months preceding the interview.

In conjunction with the analysis of the workers' attachment to the day labor market through time, it is important to examine the workers' preference for types of jobs over time. To do this we examined job preference in relation to initial point of day labor entry. The results are shown in Table 3.

TABLE 3
Job Preference by Initial Point of Day Labor Entry

WHICH JOB TYPE WOULD YOU MOST PREFER?	WHEN DID YOU FIRST BECOME INVOLVED WITH DAY LABOR?		
	Recent (1 year or less)	Intermediate (1 to 4 years)	Long Term (over 4 years)
Full-time	75% n=30	55.6% n=20	50% n=12
Part-time	15% n=6	22.2% n=8	12.5% n=3
Temporary	10% n=4	22.2% n=8	37.5% n=9

$$\chi^2 = 8.28 \quad df = 4 \quad p < .10$$

Among recent entrants to the day labor market, 75 percent preferred full-time work. In the intermediate category, 55 percent preferred full-time employment while only 50 percent in the long-term category expressed a preference for full-time work. Clearly, preferences for full-time employment were lowest among those who were associated with day labor the longest.

It is difficult to specify the importance of our findings on the market attachment of day laborers. We have found that the longer workers were affiliated with day labor, the more likely they were to be continuously attached to the day labor market. Also, those workers affiliated with day labor longest were the least likely to prefer full-time employment.

However, we cannot say that the employment experience of day labor is necessarily a cause of greater attachment. There is obviously a selection factor at work: those workers that prefer temporary jobs are more likely to remain attached to the day labor market. To infer the factors that lead to an increased day labor market attachment among workers with longer affiliation would require a longitudinal research design.

Regardless of the difficulty in interpreting this patterning of day labor attachment and preference, the data do have implications for the worker typology that we noted in the beginning of this chapter. It seems that day labor status was involuntary for most of the workers in our sample who had recently entered the day labor market. Like the group of workers in our type I example, these

individuals use day labor as a less preferred solution to employment problems. Those workers who have been affiliated with day labor longer and show a greater preference for temporary work represent our type III individuals. These workers seemed to have more or less accepted day labor as the total solution to their employment needs.

E. Permanent Employment Experiences

The analysis of the permanent work experiences of the day laborers stands as the major comparative component of our study. We must remember that temporary employment is anomalous only with respect to the norm of permanent work. By examining the previously held permanent jobs of the day laborers, we gain a useful insight into the similarities and differences of those jobs with their day labor experiences. This contrast will also yield information on at least one dimension of the "employability" of the day laborers, as the jobs one has held in the past are one of the best predictors of jobs one will hold in the future.

We asked the respondents to list the permanent jobs they had held in the three to five years preceding the interview. For each job mentioned we coded four elements: the occupation (by the U.S. Census Occupation Classification System), wage per hour, length of employment, and reason for job termination. Specifically, we were interested in the contrast in job content and experience between the previously held permanent jobs and the day labor jobs. Secondly, we were interested in the wage differential between the permanent jobs of the day laborers and their temporary jobs. Finally, we wanted information pertaining to job turnover as that is a critical variable in determining the movement of workers in the labor market.

1. Employment Preferences of Day Laborers

Before we examine the prior permanent work experiences of day laborers, we shall present data concerning the experiences and perceptions of the day laborers regarding permanent work.

We asked the workers to summarize their past employment experience in terms of the type of job they had held most. The majority of the workers responded that they had previously most held a full-time job (59 percent). Part-time

work was cited by 17 percent of the workers. And temporary employment was cited by 23 percent as their most frequently held job type.

Next we asked the worker if they would accept a permanent job if they had the opportunity. Two-thirds (66 percent) responded yes, while one-third (33 percent) responded no. In a similar question, they were asked which job they most preferred. A permanent job was cited by 61 percent. A part-time job was cited by 18 percent and temporary work was preferred by 21 percent of the respondents.

To gauge the workers' perceptions of the permanent job market, we asked if there were permanent jobs available in the Twin Cities that they would accept. The results run counter to their preferences stated above. Only 36 percent responded that there were jobs available that they would accept; 57 percent stated that acceptable permanent jobs were unavailable, and 7 percent responded that they did not know. This indicates that the majority of the workers were somewhat discouraged with the availability of permanent opportunities to work.

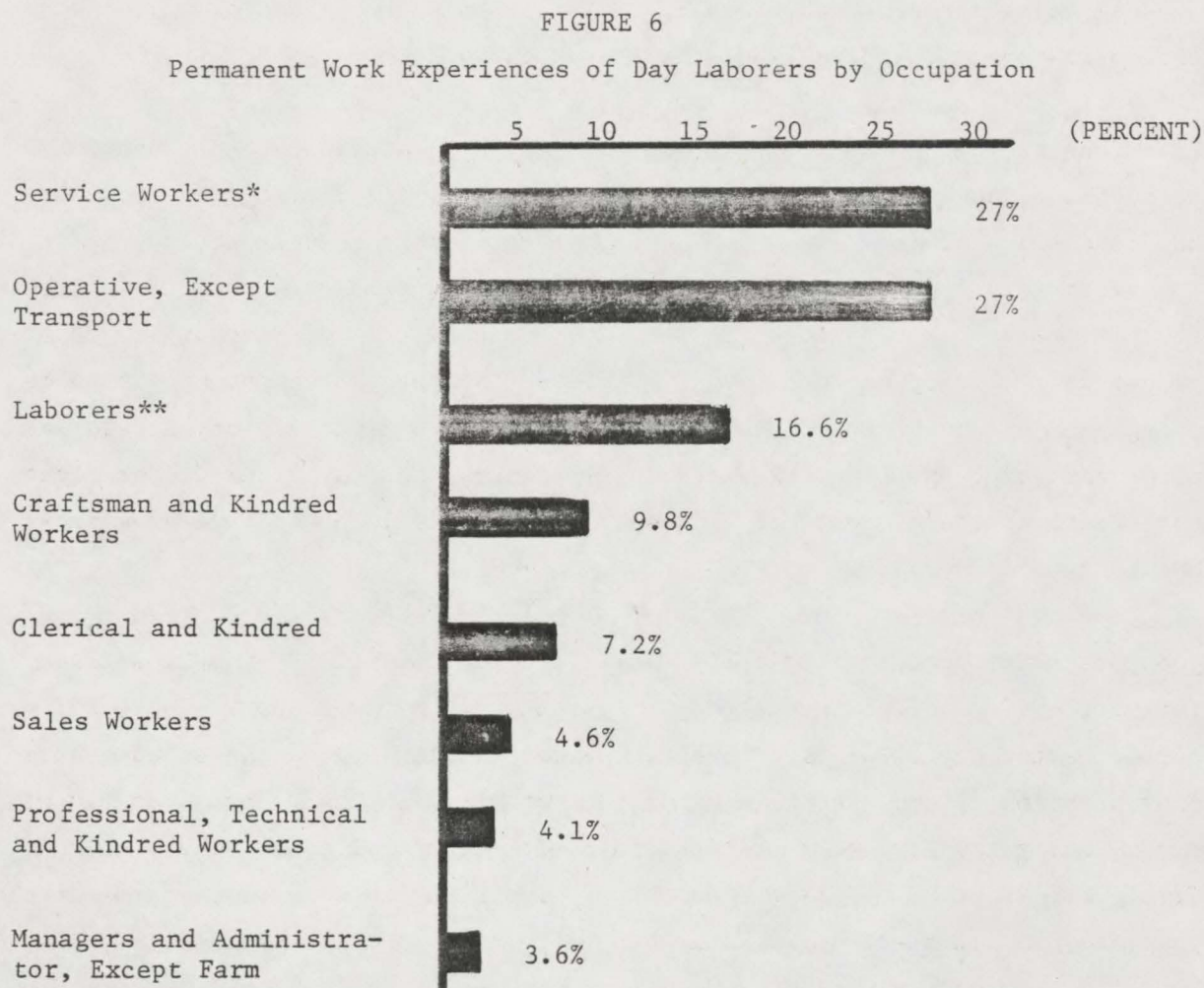
Finally, we wanted some indication of the future of these workers. We asked, "In the future, how do you see yourself employed?" Well over half (67 percent) responded that they would be employed full-time. Part-time work was mentioned by 5 percent. Temporary work was cited by 18 percent of the workers. The rest (10 percent) responded that they would either be self-employed, not in the labor market or were not sure.

To conclude this section, we find that although most of the workers had been employed in full-time positions, a substantial minority (23 percent) had worked mostly at temporary jobs. Second, we find that most of the workers prefer full-time work; however, we note that there is a discrepancy between the opportunity to accept a full-time position and the perception of the availability of full-time work. Most would accept full-time work if they had the opportunity, but most felt that such jobs were not available. Finally, over 60 percent said that in the future they would work full-time although almost one in five believed they would be at a temporary job in the future.

2. Previous Occupations

Most of the day laborers we interviewed had previously held permanent jobs (85 percent). Of those workers, a total of 193 past permanent jobs were coded and analyzed. The aggregate analysis of these permanent jobs held by the day

laborers reveals that they fall into categories that are similar to jobs performed by temporary industrial workers. Figure 6 presents the distribution of the past permanent jobs of the day laborers by the U.S. Census Occupation Classification System (OCS).



*This category also includes private household workers.

**This category also includes farm laborers.

The two predominant classifications of permanently held jobs are operatives and service workers, each with 27 percent of the total. The third largest classification is laborers with 16.6 percent of the total. These three job classifications are the categories most frequently assigned for day labor. Thus, there appears to be a great similarity between the types of permanent jobs the day laborers have held and their day labor assignments.

The similarity between the permanent job experiences of day laborers and their experiences as temporary workers is further indicated by those permanent job classifications that were held more frequently than others. The largest classification was assemblers (19 responses); the next largest was laborers (13 responses), followed by cooks (12 responses), machine operators (10 responses), dishwashers (8 responses); typists (6 responses), food service workers (5 responses), and sales clerks (5 responses).

With the exception of typists and sales clerks, all of the above classifications are ones that day laborers are routinely assigned to perform. We have discovered that the jobs workers are being assigned as day laborers are the same kinds of jobs they previously held in a permanent capacity.

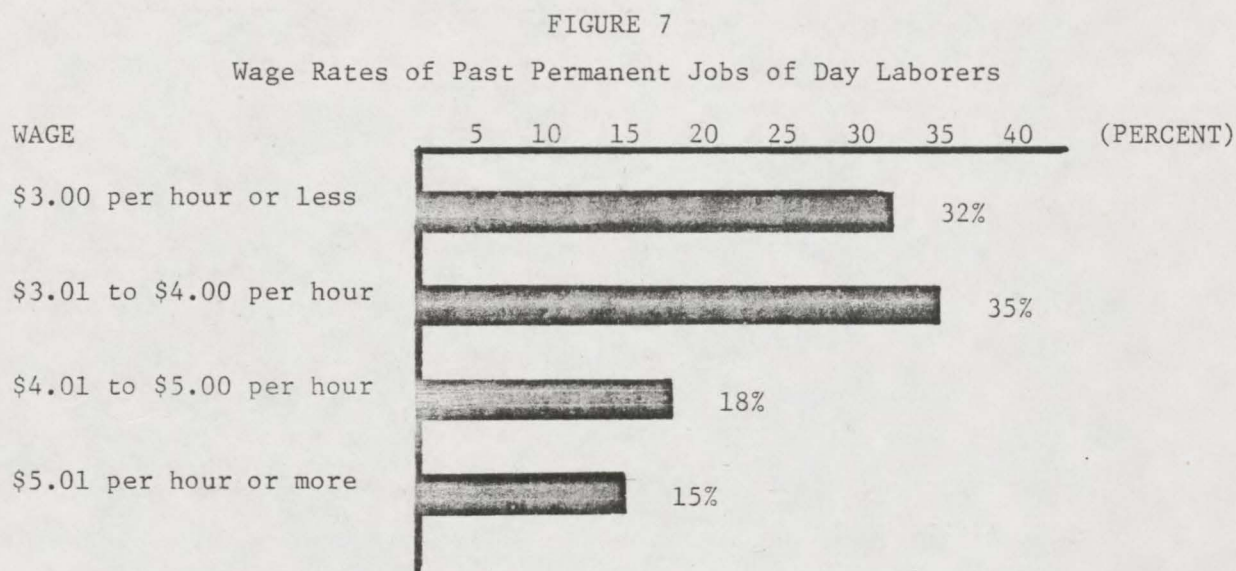
From this aggregate distribution, it does not appear that there is a serious mismatch of work skills and job experience as the workers move from permanent to temporary employment. In other words, there does not appear to be the great job status or skill inconsistency that we might expect between the permanent and temporary work experiences of day laborers. This factor might contribute to the elements of satisfaction with day labor that we have discerned in some workers.

The permanent employment experiences of day laborers are bunched into job categories that are typically classified as low-skilled or semi-skilled (Stewart, 1974). This undoubtedly makes entry into day labor easier. For the participants, day labor may not have the threatening, demeaning status that many permanently employed members of the workforce assume. Day labor may mean simply doing the same sort of tasks in a situation that allows the worker a little more freedom. This freedom may be important to workers in terms of the power to control their own destiny--even if it may only be deciding when and where to show up for work.

3. Past Permanent Wage Rates

One important element of any permanent job that should be compared to day labor employment is the wage structure. The wage rate is the most visible and easiest method by which workers--and researchers--can compare jobs. Wages are used not only to gauge the potential difference in lifestyles and job preferences. Given the available data, wages also serve as a measure of worker productivity and skill.

Our data include the coding of wage rates of 185 previously held permanent positions of day laborers. Figure 7 presents the distribution.



Over two-thirds (67 percent) of the jobs paid \$4.00 per hour or less. The wages ranged from \$1.77 per hour to \$9.11 per hour. The mean wage rate was \$3.97 per hour. The modal wage rate was \$3.50 per hour (17 responses).

The aggregate analysis of the past permanent jobs of day laborers reveals wage rates that are low. The wage the day laborers could earn in a permanent work alternative to temporary employment seems to be not much different from what they earn as day laborers. It may very well be that wage rates are not the critical factors in choosing between permanent work and temporary employment.

One of the first comparisons we made was between two variables, permanent wage rate and race. This comparison includes 182 jobs for which we have wages coded by racial category. Table 4 presents the relationship.

TABLE 4
Permanent Wage Rate by Race

PAST PERMANENT WAGE*	RACE		
	White	Black	American Indian
Low	25%	34.8%	45.5%
	n=23	n=16	n=20
Medium	35.9%	34.8%	31.8%
	n=33	n=16	n=14
High	39.1%	30.4%	22.7%
	n=36	n=14	n=10

$$\chi^2 = 6.63 \quad df = 4 \quad p < .15$$

*Low wages were defined as below \$3.00 per hour. Medium wages ranged from \$3.01 to \$4.00 per hour. High wages were over \$4.00 per hour.

Here we find that the invidious wage differentials by racial categories noted in so many other comparisons apply to our survey of day laborers. Only 25 percent of the whites were in the low wage category compared to 34.8 percent of the Blacks and 45.5 percent of the American Indians. White day laborers in our survey clearly had higher past permanent job earnings. The wage differential is greatest between whites and American Indians, with Blacks falling in the middle.

Next we wanted to determine if the workers' previous wages had any effect on their preference for job type. Table 5 presents the relationship between job preference and past permanent wage. The table includes 185 jobs for which we have wages coded by type of job preference.

Among those in the low wage category, 78 percent preferred full-time work, compared to only 66.6 percent in the medium wage category and 60 percent in the high wage category. In the low wage groups, 10.2 percent preferred temporary employment, compared to 21.2 percent of those in the medium wage category and 16.7 percent in the high wage group.

TABLE 5

Job Preference by Past Permanent Wage

WHICH JOB TYPE WOULD YOU MOST PREFER?	PAST PERMANENT WAGE*		
	<u>Low</u>	<u>Medium</u>	<u>High</u>
Full-time	78% n=46	66.6% n=44	60% n=36
Part-time	11.8% n=7	12.2% n=8	23.3% n=14
Temporary	10.2% n=6	21.2% n=14	16.7% n=10

$$\chi^2 = 7.107 \quad df = 4 \quad p < .15$$

*Low wages were defined as below \$3.00 per hour. Medium wages ranged from \$3.01 to \$4.00 per hour. High wages were over \$4.00 per hour.

Thus we see that workers in the low wage category are more likely to prefer full-time employment--perhaps with the expectation that their wages will increase. Those in the high wage category show a preference for less than full-time employment, either for temporary jobs or, to a greater extent, for part-time employment.

This finding tends to support the interpretation that wage rates are not a straightforward reflection of the day laborer's choice of employment. We have found that low wage workers are more likely to select full-time employment (perhaps in the hopes of higher wages) whereas those with higher wage histories prefer less than full-time employment. This circular finding may reflect the nature of the permanent jobs open to our sample of day laborers.

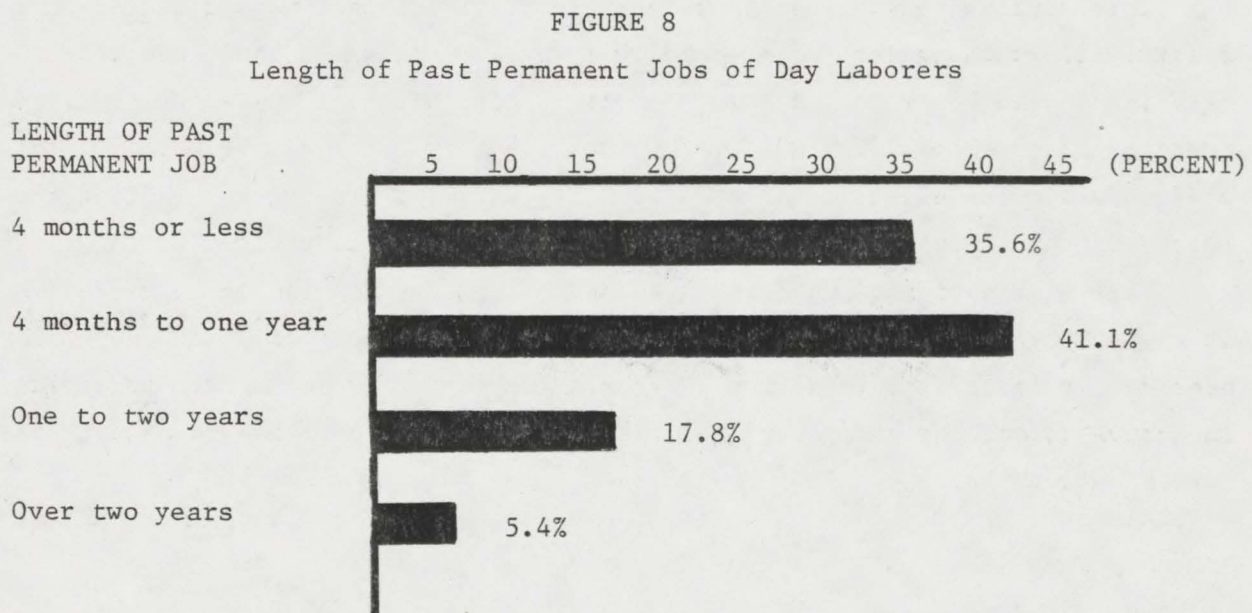
This examination of wage rates leads to the same conclusion we reached in the last section on occupations. The comparative wages of permanent employment or day labor employment may be so similar that they serve neither as an incentive to opt for permanent employment nor as a disincentive to accept temporary employment.

4. Permanent Employment Turnover

One important aspect of the quality of permanent employment is the conditions that lead to job turnover. Job turnover holds a relatively ambiguous position in labor economics. On the one hand, a high rate of voluntary turnover is a major symptom of a disadvantageous labor market. On the other hand, we can't neglect the role of turnover in reallocating labor into higher levels of compensation. In orthodox economic theory, quitting low paying jobs to obtain higher wages is the primary method by which workers can better their economic standing. The danger, market segmentation theorists suggest, is that job turnover may be counterproductive if it does not lead to higher paying jobs. The danger is not only repeated in foregone opportunities but also in the tendency of job turnover to lead to habitual patterns of labor market behavior.

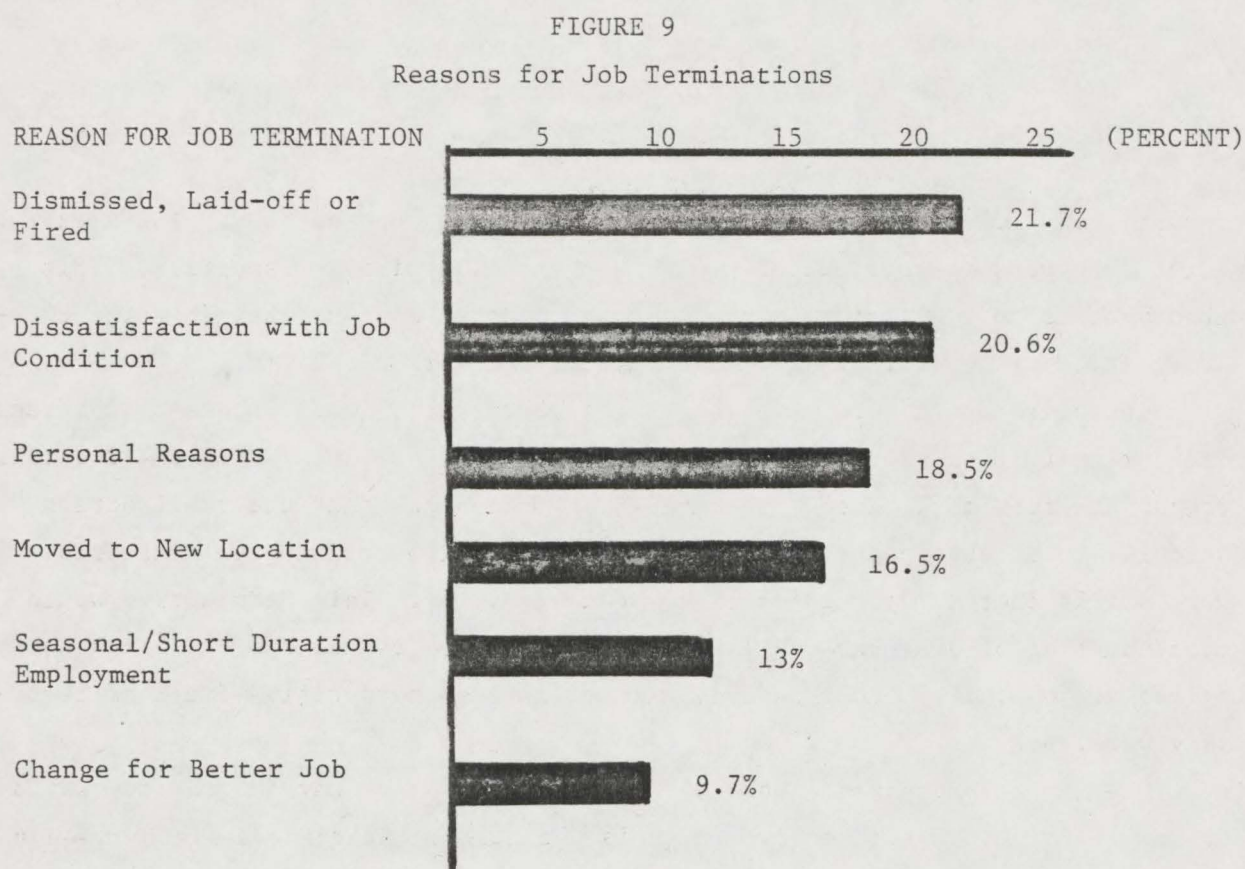
The analysis of the permanent job turnover of the day laborers is really a product of two components: length of employment and reason for job termination. The investigation of these two components should yield important information regarding the quality of the day laborers' past permanent employment.

Figure 8 presents the length of past permanent jobs held by our sample of day laborers. The data include 146 cases where length of permanent job was coded for summarization.



The aggregate analysis shows that the great majority of day laborers held permanent jobs for only a short period. This finding is consistent with the market segmentation hypotheses suggesting that work instability is a key variable delimiting market segments. This distribution shows that the permanent work histories of the day laborer in our survey tended to be very unstable.

The second component of job turnover is reason for job change. Figure 9 presents the reasons the day laborers gave for terminating their prior permanent positions.



The distribution shows that most of the job terminations were involuntary, or voluntary but not chosen for positive reasons (in a non-functional manner). Over 40 percent were either dismissed, fired or laid-off, or they quit because of unpleasant working conditions (including low wages and poor industrial relations). There is little evidence that workers were shifting into jobs that were more productive and more satisfying. Less than one worker in ten (9.7 percent) noted that a job was terminated because of an opportunity for a better job.

This second component of job turnover is also consistent with the market segmentation perspective. The reasons for terminating their jobs given by the day laborers indicates a trend toward greater disadvantage in the labor market. The day laborers held permanent jobs for a short duration and their reasons for termination seem to be largely unrelated to opportunities for better employment. Market segmentation theorists would interpret these findings as evidence that the workers may be on a treadmill moving from one secondary employment to another. Over time, this process can engender acceptance of instability that leads to a habitualization of peripheral work.

F. Summary

The characteristics of our sample of day laborers can be interpreted differently depending on which theoretical perspective one chooses. The most straightforward interpretation would be the neoclassical perspective. This theory tends to take market structures for granted and examines only the characteristics of the workers for determination of market behavior.

In interpreting worker behavior, this perspective would focus on evidence indicating that the day laborers were relatively disadvantaged in their ability to compete for jobs. Most importantly, the data show that the day laborers were low in educational attainment and showed little evidence of preferred work skills in their permanent employment histories. This perspective would conclude that because the day laborers appear to be ranked low on the queue for permanent jobs, they might be driven into the less competitive field of temporary work.

The market segmentation perspective is a different way to view the world of work. From this perspective there is a critical interdependence between the characteristics of "secondary" workers and "secondary jobs." This analysis would also focus on the past employment experiences of the day laborers. The permanent work experiences of day laborers can be typified as: (1) jobs bunched into low skill categories, (2) jobs with low pay, and (3) jobs that are turned over fairly rapidly.

A market segmentation analysis would focus on the instability of day laborers' past jobs. The analysis would suggest that the rewards for changing jobs would be very low or nonexistent. This perspective would suggest that a

nonproductive cycle of job change--caused partly by the poor quality of available jobs--has fostered a pattern of work instability. One outgrowth of this pattern is that workers of this type would be more willing to accept the instability of temporary employment.

Despite the theoretical perspective one chooses to guide his or her interpretation--whether a focus on low job skills, work instability, or both--the work role of the day laborer closely conforms to that of the casual laborer. In fact, the day labor market may be considered the best contemporary representation of the old employment system of casual labor.

The danger of casual labor, noted by authors of many eras, is that the system tends to capture the worker. Hicks (1964, p. 69) states:

The gate into casual employment stands wide open, and can always be entered by the unemployed of other trades. The way out is much harder. The casual laborer has often acquired habits which diminish his usefulness to the employer of regular labor; he is usually unlikely to have acquired savings which enables him to move into localities of developing industry.

Our data support that the work preferences and commitments (worker "tastes") of the day laborers change over time. An aggregate analysis reveals that the day laborers had worked mostly at permanent jobs in the past; preferred permanent jobs at present; and anticipated working at permanent jobs in the future. Most workers became day laborers involuntarily, primarily because they did not have a permanent job. However, we found workers who preferred temporary employment and seemed satisfied with their day labor status.

Although it is difficult to support empirically, it seems that the worker typology developed at the beginning of the chapter is valid. The workers fall roughly into three categories: 1) those who resort to day labor as a short-term expedient to employment problems, 2) those who have been involved with day labor longer and are beginning to adapt to it as a way of life, and 3) those who are completely satisfied with day labor as a solution to their employment problems.

With this typology, the benefits and costs of day labor must be decided for each individual. Day labor tends to attract workers who are less competitive in the permanent job market. However, as our data and that of others have indicated, the danger of casual labor lies in the fact that it is easier to enter than it is to escape (Beveridge, 1930; Hicks, 1964).

V. The THS As a Labor Market Intermediary

This chapter examines the second component of our labor market model. It analyzes the role of the temporary help service (THS) as an organization equilibrating the demand for and supply of temporary industrial workers. In current labor market nomenclature, the THS would be termed a labor market intermediary (Fromstein, 1978; Gannon, 1978; Mills, 1978). This chapter will explore the current controversy surrounding the role of the THS as a labor market intermediary as well as the relationships the THS has forged with the day laborers (the supply) and the industrial and service firms (the demand).

A. The THS: A Definitional Problem

There are many conflicting opinions about what the THS is. Some argue that a THS is a labor market broker, collecting a fee for the placement of temporary workers (Moore, 1965a). Others assert that the THS is a labor contractor, engaging and supervising temporary workers for customer firms (Fisher, 1953). Still others focus on the role of the THS as the employer of temporary workers, creating employment opportunities for an "industrial reserve" that otherwise would not be in the labor force (Fromstein, 1978). Finally, some adopt a pejorative view relating THSs to the old padrone system--labor exploitation based on forced dependency (Carpenter, 1972).

The task of defining a THS involves examining a combination of extensive legal and economic issues (Moore, 1965b). This task is beyond the scope of this research. However, a neutral definition can be used: a THS is a labor contractor which hires temporary workers and rents them to do temporary work on the premises and under the supervision of customer firms solicited from the business world. The customers renting the temporary workers are charged a per-work-hour amount covering wages, overhead and profit.

There are two key words in the above definition: "hire" and "rent." Technically the THS is the employer of the day laborers. The THS assumes most responsibilities for the legal "employer functions," such as hiring and paying the workers and deducting and paying state and federal taxes.

However, the employment function of the THS is unique in a number of ways. First, the work performed is independent of the THS and is supervised

by the customer firm, not the THS. Secondly, as the day labor term implies, the workers are engaged on a daily basis. Neither the worker nor the THS is obligated to the other after the period covered in the job assignment contract. And finally, the day laborer is hired only after the THS has received a work order from a customer firm. As Moore (1965b) declares, the THS "hires no labor until that labor is sold." This raises questions about where the employment decision is properly made.

Critics of the temporary labor enterprise argue that THSs are functional equivalents of private employment agencies. They reason that the hiring function of the THS is but shallow cover by which the THS can avoid state regulation as an employment agency.⁵ The critics contention is that the difference between the wage paid the worker by the THS and the billing rate the customer receives--the rental rate--is actually a "fee" for a placement service.

Defenders of THSs counter by stressing the employer role of the THS. Proponents of the personnel contracting system stress that THSs actually create jobs (albeit temporary jobs) that provide employment to "residual" members of the workforce and services to firms with an intermittent demand for labor (Fromstein, 1978).

In actuality, the THSs are a little bit of both. Moore (1965b) concludes that THSs are unique marketing intermediaries that do not fall into any heretofore defined category. THSs were founded after most states wrote legislation governing employment agencies and have generally been observed not to fall under statutory preview. Few states have laws directly governing THSs, and they continue to operate in a type of statutory no-man's land.

B. History and Trends

Labor contracting has always been used in agriculture. In an analysis of the harvest labor markets, Fisher (1953) traces other forms of labor contracting in the U.S. back to the late 19th and early 20th centuries in the garment, railroad and construction industries. He notes that the similarities in these industries were the character of the labor supply (largely unskilled with many alien, non-English-speaking workers) and the intermittent demand for labor.

The current temporary work enterprise originated almost sixty years ago. However, it is generally agreed that the industry forged its present structure soon after World War II (Gannon, 1978). The temporary service industry

consists of three sectors: clerical, industrial and technical/professional. It is difficult to determine the proportions of those sectors but reasonable estimates are: 65 percent to 70 percent of the workers are clerical; 25 percent to 30 percent are industrial; and 2 percent to 5 percent are in the technical/professional sector (Gannon, 1978). Our study was designed to focus exclusively on the industrial, day labor sector.

The temporary service industry has grown rapidly through the years. One analyst reports an Arthur D. Little Company projection of a steady, long-term growth pattern of 20 percent annually (Rohan, 1972). The same report estimated that by 1980 temporary workers would account for 2 percent of all professional/technical workers, 2 percent of all industrial workers and 3 percent of all clerical workers. Industry experts place total sales at over \$2 billion per year (Gannon, 1978).

Profitability seems to be a definite factor promoting growth. However, profit rates as a percent of total sales are low. Successful THSs must have a large sales volume. Adderly (1976) reports a survey by the National Association of Temporary Services (NATS) which shows that only 3.5 percent of the sales dollar goes to profits. Return on capital investments is much higher. The Arthur D. Little Company revealed that after-tax return on net worth averaged 20 percent.

Very little physical capital is required to begin a THS. It is possible to create a relatively large-scale operation with a capital investment of \$40,000 to \$50,000 (Joray and Hulin, 1974). In the offices we observed it appeared that the only prerequisite was a storefront to attract workers and a van to transport them to the work site. The low entry-capital costs are probably one of the reasons that day labor outlets have proliferated in the past year in Minneapolis.

C. The THS--Day Laborer Relationship

The day laborers are not attached to the labor market in the conventional manner. Nor are the firms associated with their workers in the conventional manner. Because the work bond is mediated by the THS, we conceive of the THS as a market intermediary (See Figure 1).

The day laborer is confronted with a unique situation. The most confusing aspect of the day labor enterprise is the role of the THS as the employer's surrogate. The THS engages, transports, and pays the worker, yet the job tasks

and direct supervision are specific to the site at which the labor is actually performed.

1. Reasons to Work Day Labor

Because the employment of day laborers is so unique, we investigated the basis of workers participation. We asked the workers to respond to a list of reasons why they worked at temporary jobs. They responded to the items on the list by noting whether the items were a "major reason," a "minor reason" or "no reason at all" to work day labor. The resulting distribution is presented in Figure 10.

These variables represent the best indicators we have of how the workers feel about their day labor jobs. These items fall roughly into three categories. First, it is relatively clear that the "major" reasons the workers chose to work at day labor are daily pay (major = 79 percent); freedom to work whenever they wanted to (major = 69 percent); and, to a somewhat lesser degree, the availability of office transportation (major = 46 percent). Second, there are three items whose variation among the three response anchors is not very great. These are lack of personal commitment to job, changing job tasks, and meeting a variety of new people. Third, there are two items where "no reason" was the majority response: chance to test job skills (no reason = 40 percent), and a chance to land a permanent job (no reason = 40 percent).

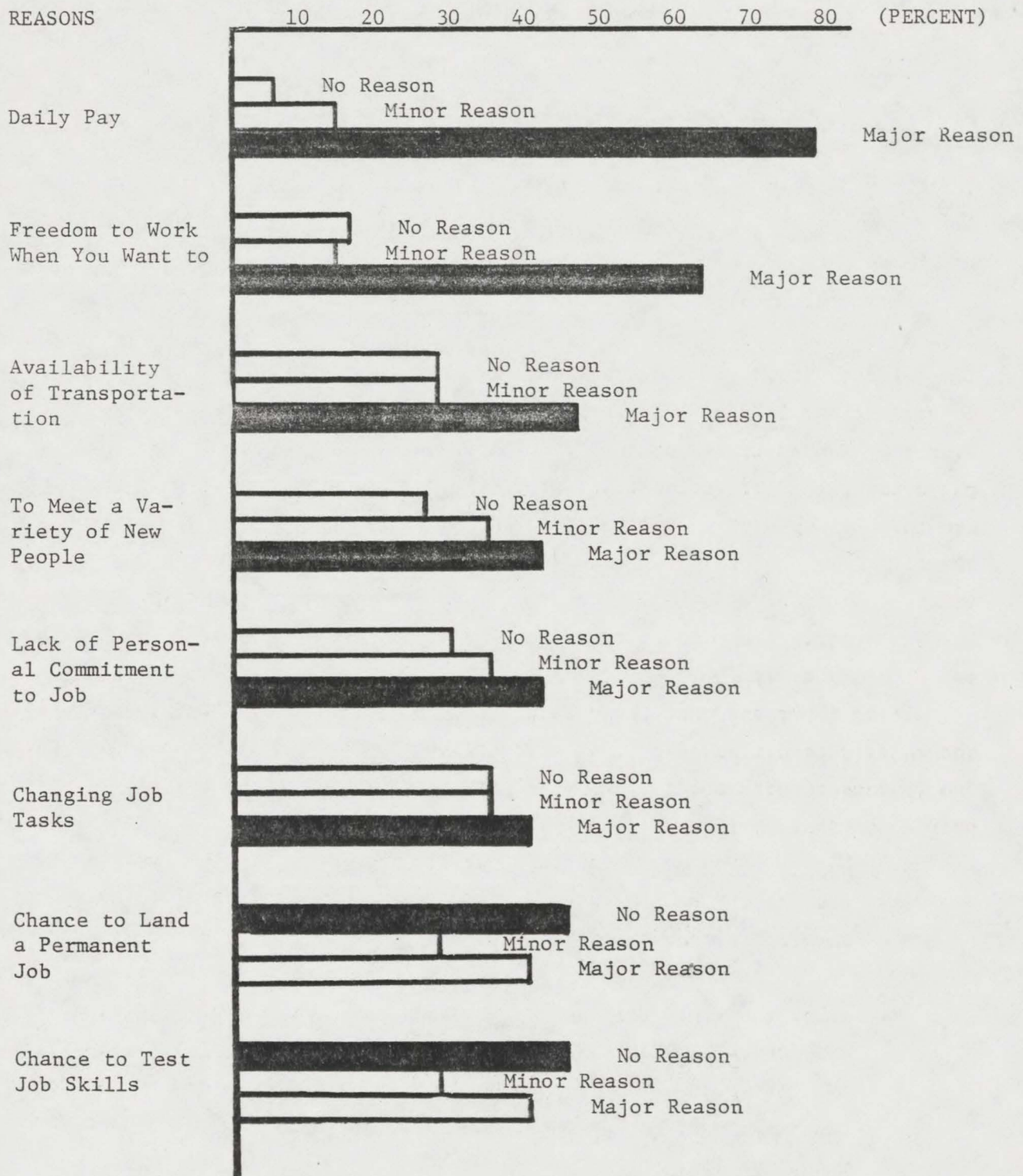
It is important that these categories be examined separately, particularly the categories dominated by the "major reasons to work at day labor" and the "no reasons to work at day labor." This contrast, more than any other, will provide an insight into what motivates workers to perform day labor tasks.

- a. Major Reasons. In the items of the first group, those that serve as the "major" reason to work at day labor, we can see that the common element is that they are all specific to temporary employment. Very few permanent jobs are paid on a daily basis. Very few permanent jobs allow the employees to vary their own work schedule. And similarly, very few employments provide transportation to the job site, as THSs do. Thus, the major reasons to work at day labor jobs indicated by the respondents are those characteristics most unlike regular work relationships.

This evidence implies that the THSs are organized to include those elements that give workers what they need to work at temporary

FIGURE 10

Reasons to Work at Temporary Jobs



jobs. Our sample revealed that only 20 percent of the workers we interviewed owned a car or a truck. This is an indication of a mobility problem that would make finding a job and getting to a job more difficult. The provision of transportation by the THS can be viewed as a method to overcome a structured barrier to employment and thus provide a real inducement to work at day labor.

The work freedom the day labor enterprise provides is institutionalized in both the rhetoric and advertisements of THS management.⁶ It is true that few permanent job opportunities provide the worker with the freedom to engage and disengage from work responsibility so easily. Daily pay is closely tied to the freedom of work. It would seem that work freedom would be less attractive if remuneration were not immediate.

Daily pay reduces the employment horizon to a single shift. The decision not to work for any day is made easier when the worker knows that tomorrow's decision to work will bring with it a paycheck.

- b. No Reasons. In contrast to "major" reasons to work at day labor, the two items where the plurality of respondents list "no reason to work at day labor" were those that can be directly related to permanent employment: chance to land a permanent job (no reason = 40 percent); and chance to test job skills (no reason = 40 percent).

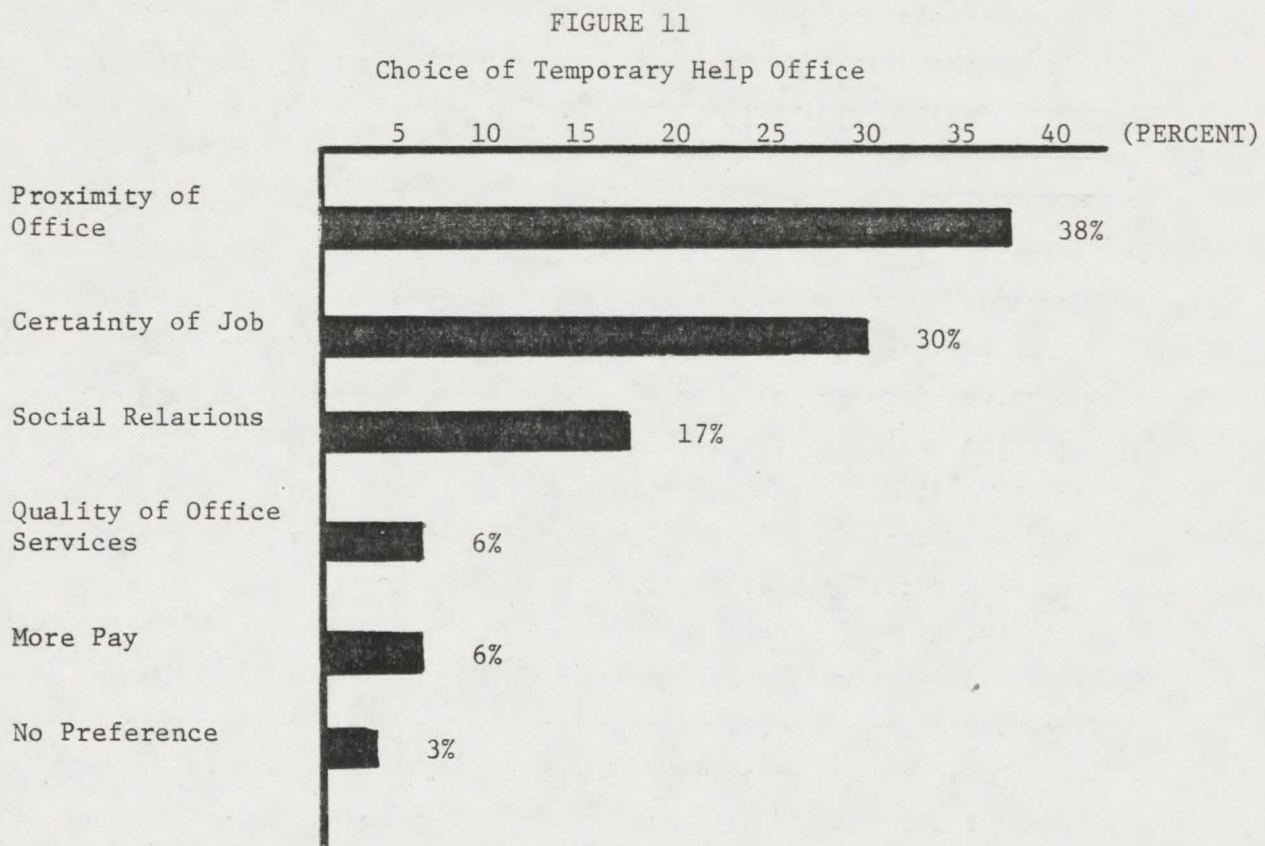
In a sense this finding is surprising. Day labor could provide a unique form of job search. The workers are assigned from employment to employment, and have the ability to test the nature of the jobs and their adaptation to them. Yet these responses seem to suggest that of all the items listed as reasons to work day labor, those directly pertaining to permanent work were viewed most negatively.

The distinction between the "major" reasons and the "no" reasons to work at day labor appears clear cut. Major reasons are related to those items most closely associated with temporary employment. The two items where no reason was the majority response are most closely associated with aspects of permanent employment.

2. THS Office Operation

Now we turn to the actual operation of the THSs. The job assignment activity is quite simple and uniform. Names are called or workers otherwise summoned to a counter. The workers are informed of the nature of the job, the hours, the location and the pay (almost always minimum wage). Workers are given the opportunity to reject the assignment. During our observations few did. If the worker accepts the conditions, then she or he is legally engaged for employment. Very often the workers are given a small "cash advance" after they are assigned. The sum is typically less than a dollar but it does provide the worker some spending money.

We asked the respondents a number of questions regarding office operations. The first thing we asked was why they chose one office to work for over another. The distribution of responses is presented in Figure 11.



The worker's choice of a temporary help service is disproportionately conditioned by two factors: proximity to home (38 percent) and certainty of getting

a job (30 percent). The results reveal that the offices offer few inducements to gain a competitive edge for workers. Better pay, advertising and office services such as transportation, cash draws or daily pay all figure to a lesser degree in the decision of the worker. It appears that the only competitive advantages an office can have are its reputation as a steady supplier of work opportunities and its location.

In conjunction with the operation of the THSs we asked the workers to respond to open-ended questions relating to the most rewarding and disappointing aspects of day labor jobs. Three principal rewarding aspects emerged: the availability of work (43 percent); the variety of work experience (23 percent) and work freedom (23 percent). These reasons are similar to and support earlier findings of temporary industrial workers by Joray and Hulin (1974).

Four disappointing aspects emerged: poor wages (35 percent), unpleasant jobs (18 percent), uncertainty of assignment (14 percent), and long hours (11 percent). The last two items are very similar. They typify the sometimes confusing assignment process, the time spent waiting in the office for a job, or the time spent waiting for transport to and from the work site. Given the fact that many offices assign hundreds of jobs daily at different times and to different places, the inconvenience to some workers in the assigning process is to be expected.

Taken together, these rewards and disappointments stand as a very good summary of the day labor experience. They describe a market enterprise that defies an unequivocal conclusion about the positive and negative aspects of temporary industrial work. On the one hand, the availability of work is the most rewarding aspect. To someone new in town, or someone with restricted employment opportunities, or someone with no competitive skill advantages, any work that is available may be rewarding.

On the other hand, the principal disappointments of day labor are related to the types of jobs that are available. The work is most criticized for its low wages and unpleasant working conditions. Thus we have workers thankful for the opportunity to work but critical of the work that is available. This circular result makes it difficult to draw a conclusion about how the workers feel about day labor jobs. It may be, as both Moore (1965) and Gannon (1974, 1978) have concluded, that the workers' own situations are most important in determining the relative advantages and disadvantages of day labor.

3. THS Stability Considerations

We have found that the freedom day labor allows the employees of the THS is one of the rewarding features of temporary industrial employment. Related to the issue of worker freedom is the concern each THS has for office stability. The THSs operate under conditions of constant change. This change stems from two factors: 1) the freedom of mobility the day labor enterprise allows the worker, and 2) the intermittent market demand pattern that the THSs are filling.

From an operational standpoint, office stability is the greatest problem for the THS. Because the THS is the intermediary on any given day it must contract for a certain number of jobs without knowing exactly how many workers will be available to fill those jobs. As one office manager put it: "If we contract for 125 jobs one day and 200 the next, we can't simply manufacture the workers."

The problem of office stability is highlighted by another factor that violates traditional findings. Generally, it is axiomatic in casual labor markets for labor supply to far outstrip labor demand (Beveridge, 1930). However, in the day labor market in Minneapolis, the demand for temporary workers seems to be in excess of the supply of day laborers. Most of the managers we interviewed confirmed this and we frequently observed periods of panic in the offices as workers were in short supply. Occasionally we would see office personnel taking to the sidewalks to solicit passersby to determine their interest in working a temporary job.

Our data confirm that most works had few problems being assigned jobs. Almost four-fifths of the workers (79 percent) were assigned to jobs at least 75 percent of the time and 40 percent said they had never failed to be assigned a job. The number of hours worked at temporary jobs per week also relates to the relative availability of jobs. Most workers (61 percent) worked at least 26 hours a week and of those, 33 percent worked more than 35 hours a week.

Given the problems the THSs have in matching a worker with a worker order from a customer firm, it is not surprising that operational procedures to control the labor supply would develop. These procedures, while serving legitimate operational and competitive functions, might also be at the root of our finding that workers tend to become more attached to temporary jobs the more they are affiliated with day labor. Daily pay, assignment status distinctions, and transportation are methods by which the THSs attempt to control their labor supply.

- a. Daily Pay. All of the offices we observed make some provision for daily pay--either in the full amount or in a substantial percentage of the total with the balance paid at the end of the week. As we have noted, daily pay was the most cited major reason our respondents gave for working at day labor. This substantiates an earlier investigation of temporary industrial workers (Joray and Hulin, 1974).

Daily pay can solve many of the problems our respondents faced. One worker in particular related just how important quick cash can be:

I got to Minneapolis with 50¢ in my pocket and not knowing a soul. Within nine hours I had \$21 in my pocket thanks to a day labor job.

However, daily pay is important to the THSs for office stability reasons. Behind the provision of daily pay is the belief that if workers accumulate a large sum of money they would be less likely to come to the office on a day-to-day basis. Receiving earnings daily, while it alleviates short-run destitution, can also have long-run, negative effects on the worker. Daily pay can create a hand-to-mouth lifestyle, forcing workers to the margin of daily existence. Over time, this lifestyle can severely effect one's chances because it can defeat both the ability and the incentive to save.

This was best illustrated by one of our respondents, a recent transplant from the south. He was enthusiastic about the permanent work opportunities available in Minneapolis and wanted a permanent job. He had been here three months but had yet to accept a permanent offer. The reason? He was unable to save enough to cover the traditional two week interim before the first paycheck. Of course, if temporary workers were not paid daily they would experience similar problems. But this does point out that a reserve of resources is necessary for an effective job search and that daily paid day labor makes this difficult to do. Another worker reiterated this theme:

You're trapped once you start working day labor. You make money, you spend it, you make it, you spend it. You can never save enough to wait the two weeks for a check...

- b. Assignment Status Distinctions. To the uninitiated, the appointment process of day labor jobs seems to follow the norm of first come,

first out. In reality the process is considerably more structured. All of the offices have "regulars" -- workers who have been to the same offices repeatedly and have gained a reputation as reliable workers. The rewards are more immediate and better job assignments. One manager comments on the distinction between regulars and non-regulars:

It's not that we don't play favorites because we do. We know who the good workers are and they come first. We don't discriminate by color, only by work effort.

However, despite the rhetoric, we have evidence that the THSs are not completely egalitarian in their job assignments. Table 6 presents the two-variable relationship: length of wait and job assignment by race.

TABLE 6

Assignment Wait by Race

<u>Average Wait Before Assigned a Job</u>	<u>White</u>	<u>Blacks and American Indians</u>
Less than 30 minutes	47.2% n=25	21.7% n=10
30 minutes to one hour	34% n=18	41.3% n=19
Over one hour	18.8% n=10	37% n=17

$$X^2 = 7.8 \quad df = 2 \quad p < .05$$

Whites are much more likely to be assigned jobs sooner than Blacks and American Indians. Among Whites, 47.2 percent wait less than 30 minutes an assignment compared to only 21.7 percent in the category combining Blacks and American Indians.

These data are evidence that Whites are assigned temporary jobs more quickly than racial minorities, which leads to the inference that Whites are more preferred. Despite the comments to the contrary by the office managers, it seems that there may be a pattern of racial discrimination in the assignment process.

To investigate further, we contrasted the incidence of non-assignment by race. This was a comparison of the relative frequency by which racial categories were not assigned temporary jobs. Table 7 presents the two variable relationship.

TABLE 7
Non-Assignment by Race

<u>How Often Are You Not Assigned a Job?</u>	<u>White</u>	<u>Blacks and American Indians</u>
More than 25 percent of the time	13.5% n=7	22.2% n=10
Less than 25 percent of the time but greater than 1 percent	32.7% n=17	48.9% n=22
Always assigned jobs	53.8% n=28	28.9% n=13

$$X^2 = 6.17 \quad df = 2 \quad p < .05$$

Among the Whites, 53.8 percent were always assigned jobs, compared to only 28.9 percent in the category encompassing the Black and American Indian respondents. Thus, Whites seem to be assigned jobs with greater regularity than either Blacks or American Indians. Coupled with the previous findings that Whites are assigned jobs more quickly, we have a fairly good indication that Whites are the most preferred of the day laborers. Whether or not this is overt discrimination is difficult to say. However, there is very little screening involved before a day labor assignment so it is unlikely that Blacks or American Indians are disqualified as a result of any job-related differences.

Regardless of the distinction in racial status we seem to have uncovered, the problems for the THS in developing a coterie of stable workers continue to exist. There are other informal processes by which THSs maintain worker order. Perhaps the greatest transgression a worker can commit is to walk off the job after it has been assigned. This reflects poorly on the quality of workers and reliability of a THS.

Once a job is assigned there is an unwritten law that the work be completed whatever the conditions. Not to stay with a job invites retribution. This is illustrated by one worker describing the performance of a physically demanding task:

We were putting in this swimming pool in Reno. We had to dig that hole by hand because we couldn't get a backhoe in there. I had to haul the dirt out by five-gallon buckets. It was the worst day of my life. But I stuck it out. If you walk off the job, they make you wait for your money until Friday. Then they make you ride the bench until they think you've been punished.

Other "punishments" reported for walking off the job included not being transported back to the office and total ostracism in job assignments. This points to the double jeopardy day laborers must face. They are supervised on the job by the host firm and yet they must ultimately please the employer--the THS. Many workers said they were sometimes sent to perform under conditions they would never have accepted on their own terms. But they were at the mercy of the system and, as the man stated, they "stuck it out." One consolation needs to be noted: in day labor, if you don't like the job, you need not go back--just so you complete your shift.

- c. Transportation. One final method by which offices attempt to stabilize their labor supply is the provision of transportation. Clearly, the principle reason offices provide transportation is to remain competitive. And it appears that the THSs are overcoming a major structural barrier that can inhibit employment opportunity for some workers. We have specific evidence of the need for transportation. Only 20 percent of our respondents owned a motor vehicle. And 46 percent of the workers said that transportation was a problem in their efforts to find a permanent job.

4. Institutional Constraints

Individually, the THSs' requirements for office stability may not have a discernible effect on the workers. However, collectively they have the potential of creating powerful institutional constraints that can bind a worker to the day labor enterprise.

These constraints are not necessarily an indictment against the operation of a THS. First, some elements in the way THS offices operate are intended to alleviate certain inherent problems in day labor. The effectiveness of these elements was shown earlier in this section when we investigated the reasons cited by workers for performing day labor (subsection 1). All of the major reasons were related to conditions that are specific to the day labor enterprise.

It is possible that the reasons for workers continued attachment to day labor can be traced to the operation of the THS. However, this attachment might be carried beyond the point that an individual would deem desirable. All of the operational elements we have discussed make it more difficult for the day laborer to quit working temporary jobs. As time progresses, there is the chance that day laborers can become overly dependent on the THS for support and livelihood, perhaps losing the incentive to make their own employment decisions.

D. THSs and Permanent Employment

The fact that day laborers are sent to the premises of customer firms to work alongside permanent employees raises the issue of the relationship of permanent work and temporary work. The research shows that 83 percent of the respondents were offered permanent jobs while on temporary assignments. But only 38 percent of the workers used their day labor jobs to gain a permanent job.

Two comments by different day laborers reveal the relationship of temporary and permanent jobs:

It's handy, I'm offered permanent jobs all the time. They just ask me to fill out an application. But the jobs just aren't worth it. I wouldn't make any more money, and I know I wouldn't last long on the job--there's no reason to. I've never accepted a job that's been offered.

Another worker comments:

I've known people who have accepted permanent jobs. But they don't last long. The jobs they get aren't worth keeping. They don't pay you anything, you don't get promoted and the jobs are dirty.

Despite the many opportunities for workers to accept permanent jobs, the THSs seem to exert little overt influence to keep workers. We asked the respondents if any THS had restricted their acceptance of direct employment with a customer firm. Only a small number, 22 percent, said that they were restricted. However, as we shall see, THSs do make an effort to prevent the firms from offering a temporary worker a job.

There are both legalistic and practical reasons why a THS would not want to encourage its employees to accept permanent jobs with a customer firm. As Moore (1965) makes clear, it is in the best interests of the THS not to become related in any way with actions resembling those of an employment agency. For THSs to be perceived as placing permanent workers in industry, even in the circuitous fashion of first renting temporary workers to firms who later hired them, invites comparison with employment agencies and potential regulation. On an even more practical basis, temporary workers who are permanently hired represent a lost resource for the THS.

One of the reasons the THSs might not be so forceful in controlling the actions of their workers is that they feel workers don't want permanent jobs. As one manager stated:

The workers who are in here do not want full-time work...
We have decent workers--skilled workers--they would have
no trouble finding full-time employment if they wanted.
Why every day I could walk a 10 block radius and come
up with permanent jobs, jobs that anyone could fill,
with no restrictions on skill or background.

However, whether there are jobs available and whether the available jobs justify full-time employment are two different questions. Our research includes many indications that workers would accept permanent jobs that they deemed acceptable. Two-thirds (66 percent) of the workers said they would accept an opportunity for a permanent job they liked. And 61 percent of the respondents, when asked the job situation they preferred, said permanent, full-time work was their choice. However, only a third of the respondents (35 percent) stated that there were jobs available that they would accept).

It seems that the blanket assertion that day laborers don't want permanent jobs is an oversimplification. Too little is taken into account--the types of jobs available and the constraints generated by office operations both are incentives for continued temporary employment.

What is not an over-simplified statement is that temporary job assignments are poor bridges to permanent jobs. There is little doubt that there are forces at work creating a mutual dependency between the THS and the day laborers. This dependency can inhibit attempts to move from temporary work into permanent, full-time employment.

1. Industrial Reserve

Much of the literature on the temporary service industry focuses on its potential for creating jobs (Fromstein, 1978; Moore, 1965). This implies that day laborers are a type of "industrial reserve"⁷ that is drawn into the labor force by the employment incentive of flexible, temporary assignments.

However, most of the literature on the temporary service industry focuses on the clerical sector, traditionally dominated by women, and where there has been a greater demand for part-time or otherwise intermittent employment. It is an unanswered empirical question whether day laborers can also be categorized as an industrial reserve.

We asked the workers what they would do if temporary employment through a THS were no longer available. The majority (58 percent) said they would get a full-time job. However, almost one in five (18 percent) said they would not be engaged in the labor force.

We also asked the workers how they saw themselves employed in the future. Again, the majority (64 percent) said they would be engaged full-time. But 18 percent said they would work at temporary jobs and 5 percent projected they would not be a member of the labor force.

The conclusions seem straightforward. Permanent work is the norm for most workers; this is true with respect to past employment experiences, current work preferences and future considerations. But there are segments of our sample, albeit relatively small--probably one in five--who would not work if not for day labor. It is these workers who represent the industrial reserve, and it is these workers for whom day labor is a positive alternative.

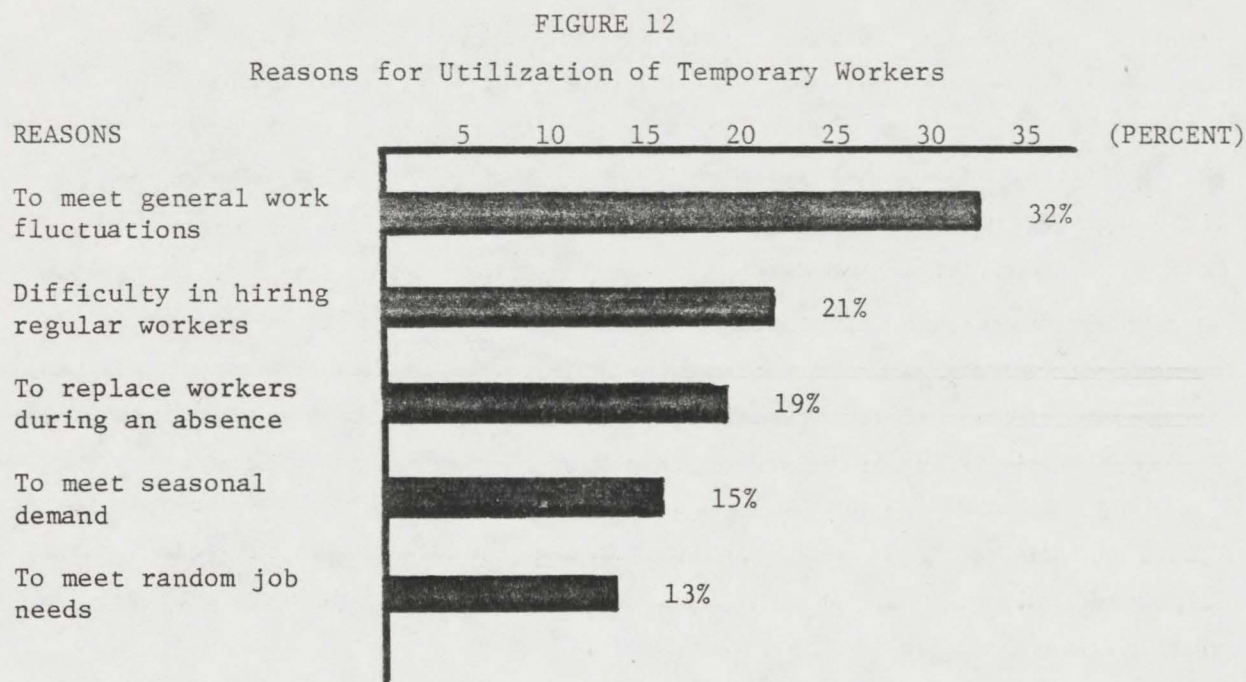
E. THS--Firm Relation

The other half of the THS employment ledger is the demand side, the relationship with the business firm. This temporary service industry has identified a need within the business sector for an immediate, relatively cheap method for

meeting short-term manpower needs. How it fills this need and why this need exists will be explored in the following sections.

1. Reasons for Utilization

It is axiomatic in the literature of the temporary help industry that temporary workers are used to meet short-run demand situations. However, the exact nature of this demand is often only a matter of conjecture. We asked business firm managers why they used temporary workers. Each item mentioned was coded and included for summation. The responses are shown in Figure 12.



Intermittent demand factors were clearly the primary reasons for using day labor, either to meet general workload fluctuations (32 percent); to meet more definite seasonal demand patterns (15 percent); or to meet manpower requirements for atypical, random job needs (13 percent). This finding concurs with much of the literature on the utilization of casual workers in general (Beveridge, 1930; Hicks, 1964) and temporary industrial workers specifically (Joray and Hulin, 1974).

Replacement of regular workers during an absence (19 percent) is a reason that is most characteristic of the clerical temporary help sector (Gannon, 1978). Perhaps the most interesting finding is that more than one firm in five

(21 percent) mentioned that they need temporary workers because of difficulty in hiring regular employees. However, our survey was conducted in a time of very tight labor market conditions (official unemployment was measured between 3.5 per cent and 4.0 percent), when there may have been a labor shortage for unskilled positions. Nevertheless, the resort to temporary workers as a substitution for permanent workers raises doubts about the attractiveness of these jobs in the first place. This issue will be discussed in the chapter on firm demand characteristics.

For the firms that we researched, there are alternatives to using temporary workers. We inquired what they would do if day laborers were not available to their firms. The responses were divided among three alternatives. One was for the present employees to work overtime. This was mentioned by 40 percent of the firms. Recruiting and hiring their own group of temporary workers was also mentioned by 40 percent of the firms. Finally, 20 percent responded that they would hire permanent workers.

The alternatives illustrate the advantage of using temporary workers. Two of the alternatives would require spending considerable time (and money) to recruit and screen workers who might only be needed for a short period. Asking present employees to work overtime has the potential of generating considerable strain. The primary advantage of THSs seems to be that they provide a manpower resource that can be used or not used with great ease.

In a similar vein, we asked the business respondents about their future use of THSs. The great majority felt that their utilization would remain the same (63.3 percent). Only 10 percent thought it would increase, and 20 percent projected a decrease. This finding is consistent with earlier reports (anonymous, 1974). It is also in keeping with the longer-term growth trends of the industry.

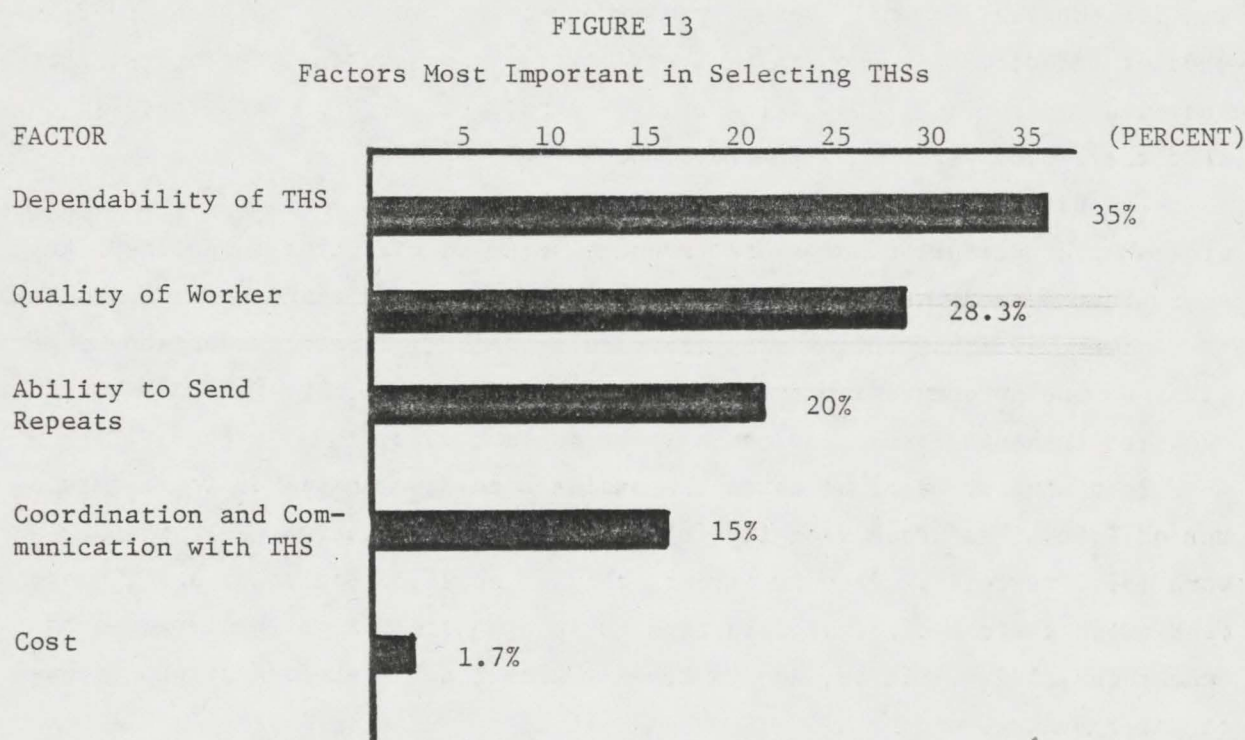
2. Choice of THS

Firms do make distinctions among THSs. A large majority (83 percent) noted that there were differences in the quality of the personnel contractors. Two major distinctions emerged. The first, noted by 52 percent of the firms, was the quality of workers. The second, mentioned by 29 percent of the firms, was the dependability of the service.

The finding that so many firms could distinguish THSs by the quality of their employees is somewhat surprising. The day labor market, as a casual

labor market, typically has a great deal of labor homogeneity (Fisher, 1953). The day labor jobs are characterized by minimal entry criteria. There is very little that distinguishes the workers, either by skill level or pay. It would seem that these conditions would create a leveling effect among the workers. But apparently the business firms can, and do, make distinctions regarding worker qualifications.

In relation to the choice of THSs, we asked the business respondents which factors were most important in the selection of a THS. Each factor mentioned was coded and included in summation. A total of sixty factors were mentioned. The distribution is presented in Figure 13.



The two most important factors, dependability of service and quality of workers, were also the same items by which the firms differentiate the quality of THSs. These must stand out as the two greatest concerns of the firms contracting with the THSs.

The dependability of the THS can mean many things to the customer firm. Most simply, it means that the THS will respond to the manpower needs of the firm in a timely fashion and with the desired number of workers. We have

already discussed the problems associated with the temporary labor shortage we observed in Minneapolis. This can be a crucial impediment for THSs in responding dependably to the needs of a firm.

Two other responses can also be related to the dependability issue. The first is the ability to send repeats, returning a worker to a job site for repeated assignments. Obviously this is important for the firms because it reduces the acclimation and training time required of labor forces that constantly turn over. But this places added pressure on the THSs to develop a stable labor supply. This is a case where the demands of the firm help to justify the institutional constraints we discussed earlier that bind a worker to temporary employment.

The second issue relating to dependability is the need for coordination and communication between THS and customer firms. With the THS contracting to supply a given number of workers daily, and with no specific assurance that a sufficient labor supply will turn up to cover their commitments, it is sometimes unavoidable that commitments will not be met. This is one of the hazards of the enterprise and seems to be accepted by the firms. However, this necessitates that THSs communicate in good faith and admit to their customers that their needs may not be completely met. This is one of the reasons that firms sometimes contract with more than one THS (Gannon, 1978).

We learned of some situations that seemed no less than fantastic in the ability of the THS to respond to a customer's needs. One large THS had "captured" a large manufacturing firm and was their sole provider of temporary workers. The firm had chronic labor turnover problems and consequently was faced with a perpetual labor shortage. The line foremen of this firm would meet thirty minutes before each shift to ascertain their manpower needs then the firm would contact their THS and relay its needs. This THS was able to mobilize up to twenty workers per shift and have them on-line and ready to go by the time the shift began.

Of course, not all relationships are so coordinated. This one is based on regularity and high volume. But it does highlight the way in which THSs can tailor their services to the demands of their customers.

Finally, we should note that cost does not seem to be a factor in selection of a THS. This reinforces earlier findings that dependability of service is more important than cost considerations (anonymous, 1971). We shall examine cost factors more closely in a later chapter on prices.

3. Permanent Hiring of Temporary Workers

Our survey found that 90 percent of the business respondents had on occasion hired temporary workers permanently. However, the incidence of hiring day laborers was generally so low as to make estimates of frequency difficult. It seems that at one time or another a temporary worker had become a permanent employee of the firms, but that this was a rare occurrence.

We asked the business firm respondents to rate the quality of the temporary workers they had hired permanently. Almost half (48 percent) rated them the same as their regular employees; 33.3 percent said they were better than their regulars; and only 14.8 percent said that they were worse.

This is in comparison to temporary workers in general, where 80 percent of the firms rated them as worse than their regular employees. Thus, although the majority of the temporary workers were rated as poorer workers than regular employees, their work experience on the premises of the business firms can be viewed as a potentially useful screening device since 81.4 percent of the firms hiring temporary workers stated that they were the same or better than their regular employees.

As we mentioned earlier, there is a direct effort on the part of the THSs to prevent business firms from hiring day laborers. Moore (1965b) has found that restrictive covenants preventing hires are common in contracts between THSs and customers. We found that 66.7 percent of our business respondents were prevented, by contract, from hiring temporary workers. Generally, these contract prohibitions were not absolute. They allowed the firms to hire workers after some pre-determined time--usually 30, 60 or 90 days. Two of our respondents reported that if they hired a temporary worker they paid a fee to the THS. If this is true, it clouds the distinction between a THS and an employment agency.

The effect of this contractual prohibition is debatable. It is almost impossible to enforce. Because day laborers are engaged daily, their employment affiliation with a THS is extremely short-lived. For a day laborer not to report for work, even for a day, breaks the employment bond. Legally, there is very little the THS can do if a worker does not report one day and goes to a customer to fill out an application for permanent work.

However, the contract stipulations do have a deterrent effect. Firms can become very dependent on individual THSs. They may not want to risk alienating

a THS by hiring away workers. Even so, it seems that the movement of day laborers from temporary to permanent work is relatively rare. Most of the workers do not use their assignments to gain permanent employment and firms only rarely offer them permanent work.

F. Summary

The day labor market is one labor enterprise that Fisher (1953) would term a "structureless" market. It is structureless because (1) there is no permanent relationship between employer and worker, (2) the workers exist as relatively autonomous agents, (3) there is no structure provided by skill, as most of the labor tasks are unskilled, and (4) jobs are undifferentiated by wage rates.

The THSs exist because they are one of the few organizing influences in a very disorganized market. They bring workers and jobs together and provide an element of stability and regularity in a chaotic market, a market characterized by rapid and irregular fluctuations of both demand and supply (Beveridge, 1930).

Functionally, the THS has evolved temporary employment into one large, interlocking labor market. They have moved beyond the traditional industries to provide labor for casual demand patterns in practically all businesses. By directing labor from central offices, the THSs have reduced the chance factor inherent in casual labor markets, providing a better balance between the number of workers and the temporary employment opportunities.

However, we have determined that the operation of the THSs, although rationally designed to stabilize patterns of supply and demand, can be a contributing factor to why workers tend to become more attached to day labor over time. Similarly, we have found that as a market intermediary, the THS serves as a poor connection to permanent jobs. This is understandable, given the function of the THS. But as the great majority of workers seem to prefer permanent employment, this poses questions as to the ultimate benefits of employment through a THS.

VI. Demand Characteristics

This chapter examines the third component in our model of the labor market: the demand characteristics of business firms. It is axiomatic in economics that demand tends to create its own supply. And so it seems in the operation of a day labor market. It is very unlikely that day laborers would exist as such an organized body of labor if it were not for the specific demand of firms for a quick, remedial "fix" to their staffing problems.

In this chapter we will focus on the patterns of utilization of temporary workers. We will examine the tasks day laborers perform for industry and the organizational features of the firms that use day laborers. This last topic will enable us to make inferences regarding the nature of permanent employment opportunities within these firms.

A. Patterns of Utilization

One of the impressions we gathered about the utilization of temporary workers was that it was a relatively informal process. In fact, only 23 percent of the firms had a written policy governing their use of temporary workers. The remainder of the firms seem to have few formal guidelines to structure their utilization patterns.

1. Decisions to Use

Most of the procurements of temporary workers were characterized by immediate need. We asked the respondents how far in advance they made a decision to use temporary workers for a particular job. Almost one-quarter (23.3 percent) made the decision and contacted the THS less than eight hours before the workers were needed. Almost half (43.3 percent) contacted the THS between eight and thirty-two hours before the workers were required. The remainder (33.4 percent) allowed the THS thirty-three hours or more to respond.

The ease of acquiring workers and the impermanence of the employment bond seem to have made procurement of temporary workers less of a formalized process. In many instances the decision is made by on-line supervisors responding to immediate labor needs. This immediacy seems to obviate the requirement of a formal cost-benefit evaluation of the utilization of day laborers.

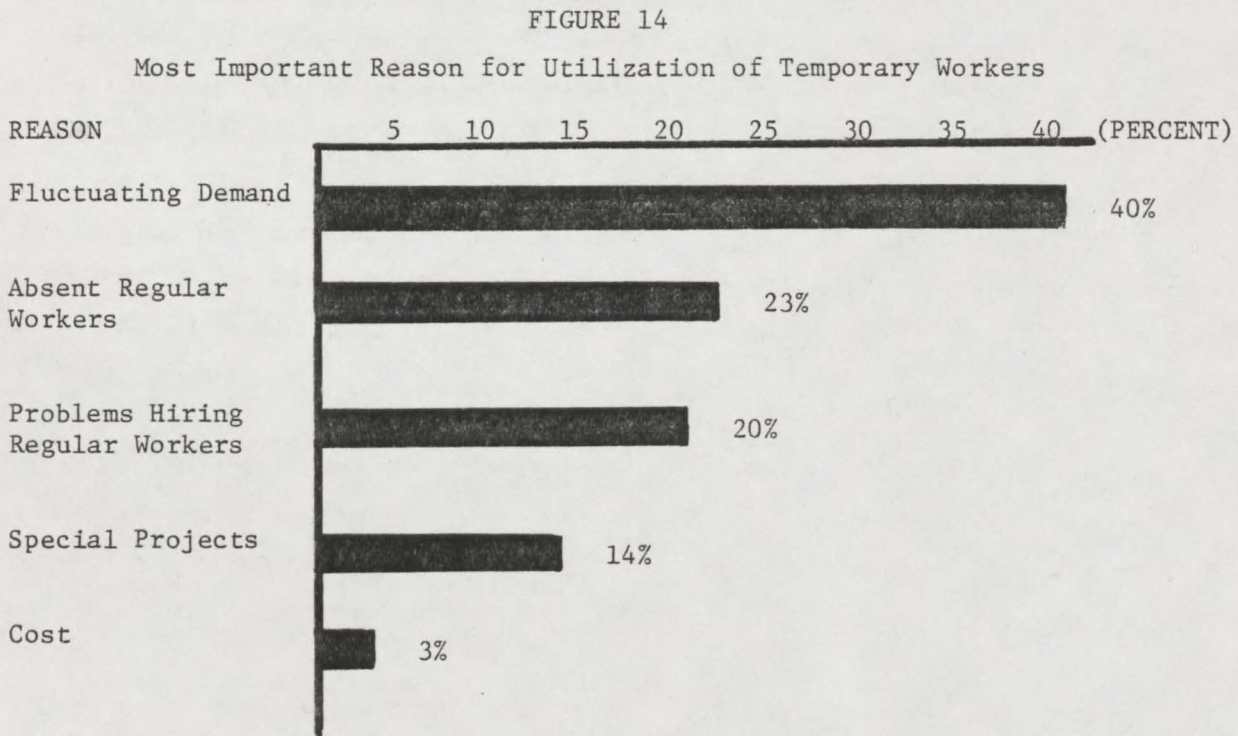
2. Regularity of Use

Utilization of day laborers by different firms was highly variable. For some firms, there was a definite seasonal peak. For others, the utilization pattern was more irregular, seemingly based on production fluctuations in the firm. However, there is evidence that the need for temporary workers is relatively continuous for some firms.

We asked the respondents to estimate the regularity of their usage of temporary workers. The majority (40 percent) stated that they used temporary workers "all of the time." One-third (33 percent) responded "almost all the time" and 23 percent responded "some of the time."

3. Reasons for Utilization

We asked the respondents, "What is the most important reason your company uses temporary workers for industrial or service tasks?" Figure 14 shows the distribution of responses.



Here again, we find that fluctuating demand patterns are the largest single reason for using temporary workers. This confirms many earlier reports on the demand of both temporary and casual labor (Beveridge, 1930; Fisher, 1953; and Joray and Hulin, 1974). If we include the 14 percent who cited special projects as the most important reason, then over 50 percent of the responses were related to either intermittent demand or work not typical to the firm.

Replacement of workers during an absence was the second largest category (23 percent). An earlier study found this to be the most frequently cited reason for using clerical temporary workers (Joray and Hulin, 1974). It appears this reason is not quite as important to the industrial users in our sample.

Perhaps the most interesting finding in our study is that 20 percent of the respondents use temporary workers primarily because of the problems they encounter hiring regular workers. This reflects a number of issues, particularly the problems some firms have under tight labor market conditions and the quality of jobs that are available. Jobs go unfilled for a reason. In this case, because the positions are at entry level, we suspect that they are unattractive to prospective candidates either because of the pay or the work conditions or both. Finally, the inability to attract regular workers reflects some firms dependency on THSs to supply the labor to meet their demands for output.

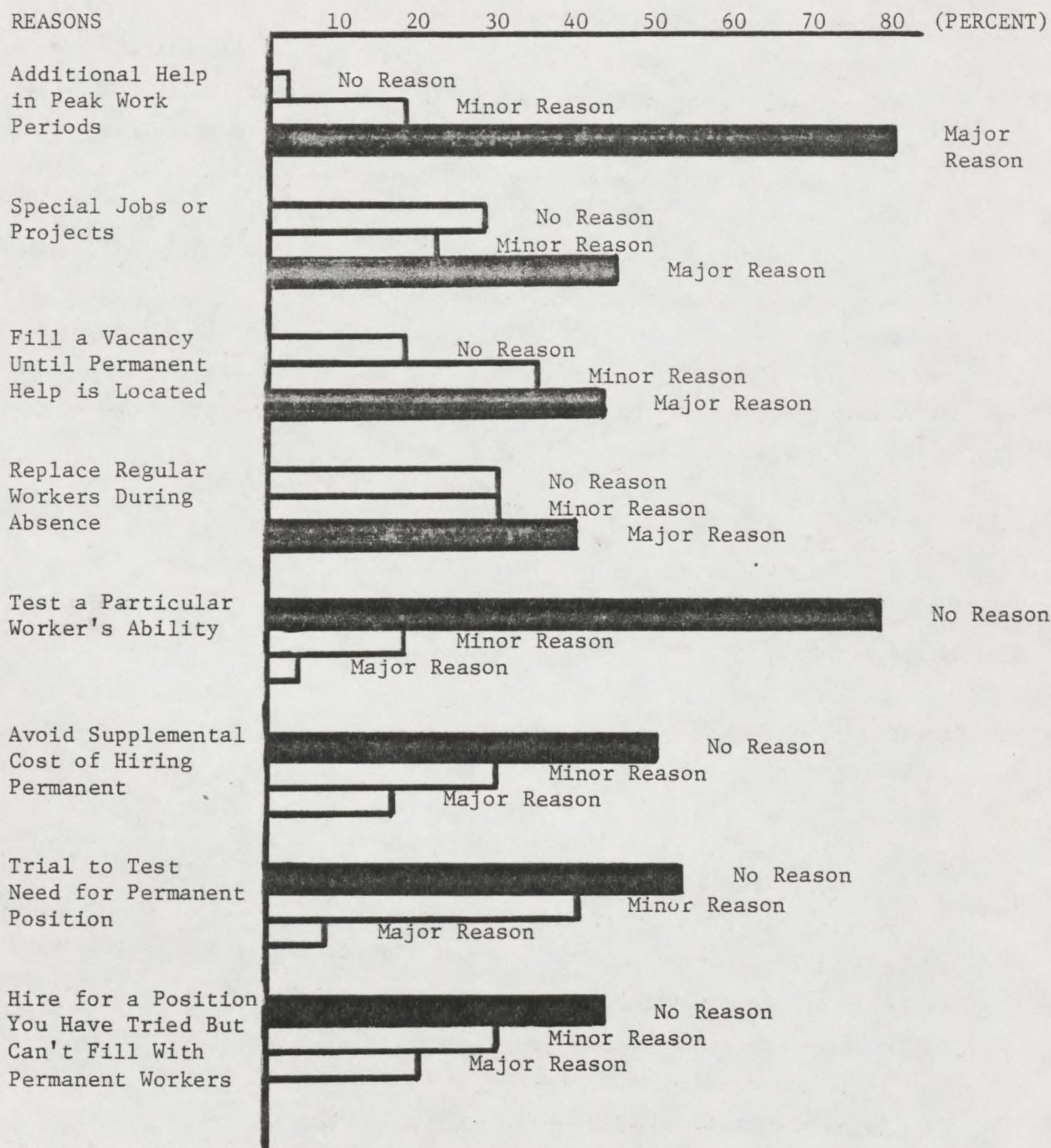
Having delineated the most important reasons why our respondents use temporary workers, it is appropriate to present the responses to a range of reasons that firms might use day laborers. For each item presented in Figure 15, we asked the respondent to tell us if it was a "major" reason, a "minor" reason or "no reason" to use temporary workers.

We see that factors associated with intermittent demand dominate as the "major" reasons--either as extra hands for peak work periods or short-run substitutions for regular workers. From this we can conclude the day laborers were used primarily as short-run expedients to overcome critical staffing problems.

In contrast, those items where "no reason" dominated appear to be associated with the calculated use of temporary workers. Very few firms used the temporary assignment to screen or "test" the abilities of particular workers. It was also rare for a firm to use a temporary worker to test for a permanent position. And it was rare for firms to consciously use temporary workers to overcome the costs of hiring permanent workers.

FIGURE 15

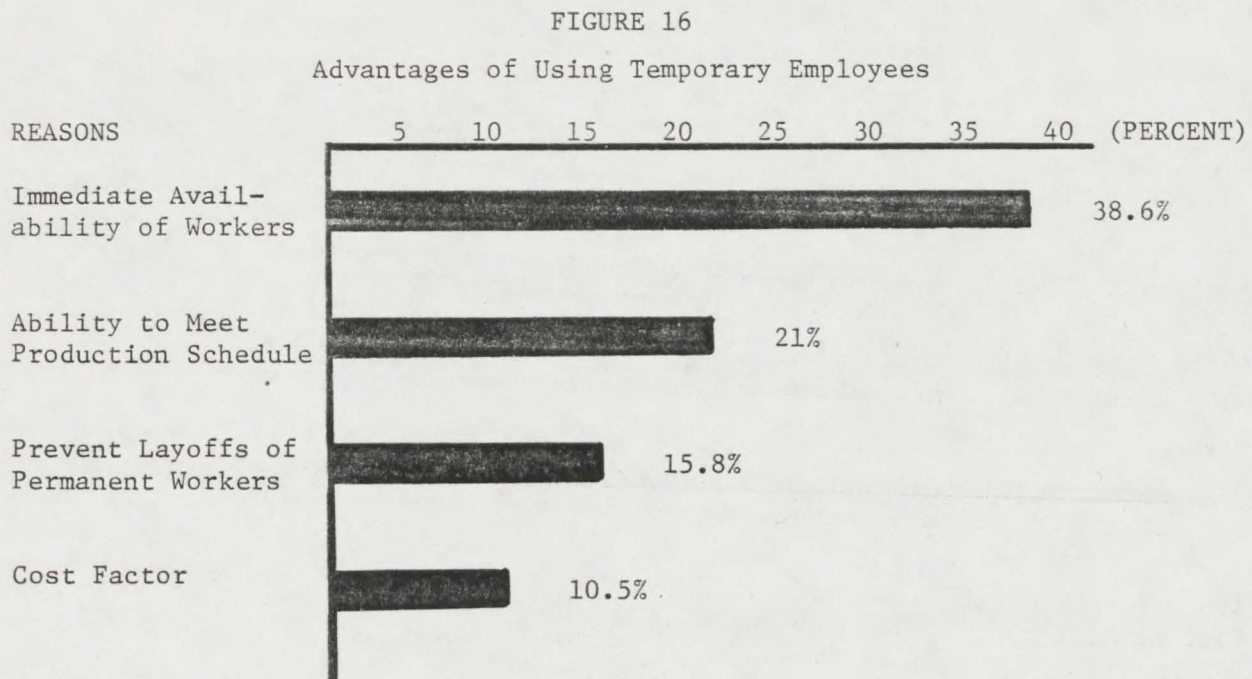
Reasons to Utilize Temporary Workers



4. Advantages and Disadvantages of Using Day Laborers

This section is the result of open-ended questions regarding both the advantages and disadvantages of using day laborers.

- a. Advantages. In response to the question, "could you summarize the advantages of using temporary workers for your firm?", 57 items were recorded for summarization. From the responses, four primary advantages emerged. These are presented in Figure 16.

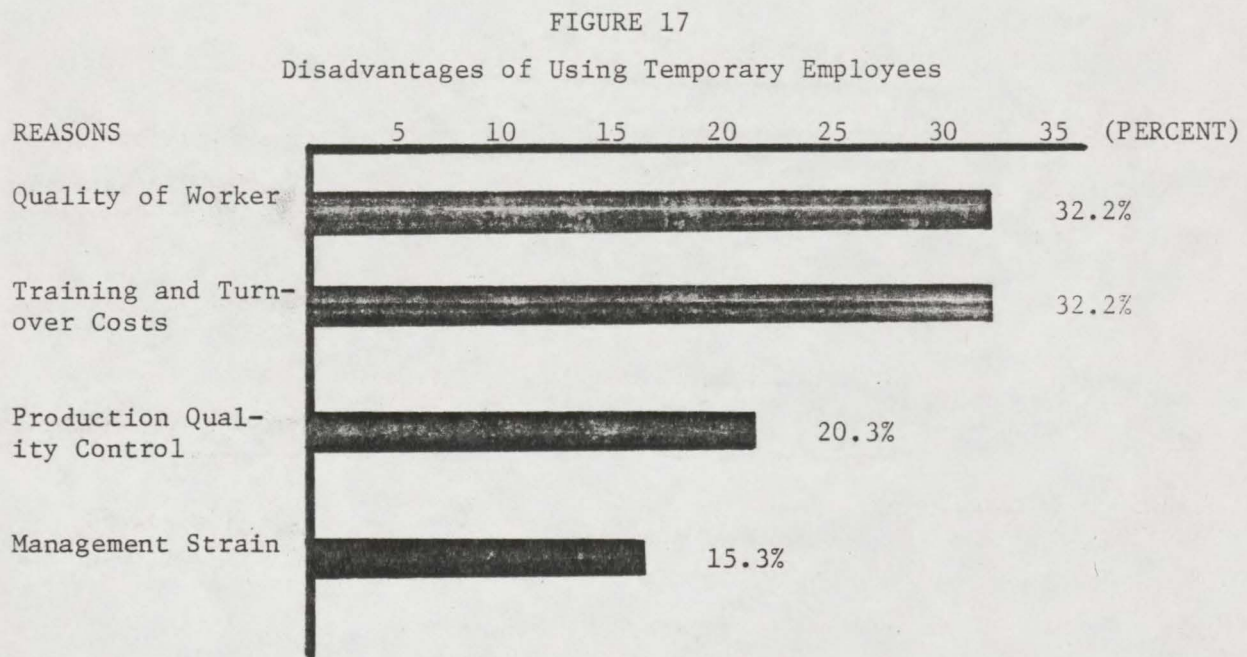


The greatest advantage was simply the immediate availability of workers (38.6 percent). This emphasizes the importance of short-run need for temporary workers. The second advantage, the ability to meet production (21 percent), is directly related to the first. If workers are needed, they are needed for a reason, and this reason is logically related to production schedules. This factor directly relates the utilization of day laborers to output.

The third advantage, prevention of layoffs (15.8 percent), relates the use of day laborers to the stability of the permanently employed members of the firm. In firms with fluctuating demand patterns, intermittent use of the easily engaged and disengaged day laborers protects the stable employment of other workers.

Finally, cost is mentioned by 10.6 percent of the respondents. This appears also to be related to the fluctuating need for manpower. Firms that lack production stability may find that "over-manning" in periods of downturn is simply too costly to maintain (Doeringer and Piore, 1971).

- b. Disadvantages. Four disadvantages of using temporary workers also emerged. We asked, "Could you summarize the disadvantages of using temporary workers for your firms?" Fifty-nine answers were recorded for summarization. Figure 17 shows the distribution.



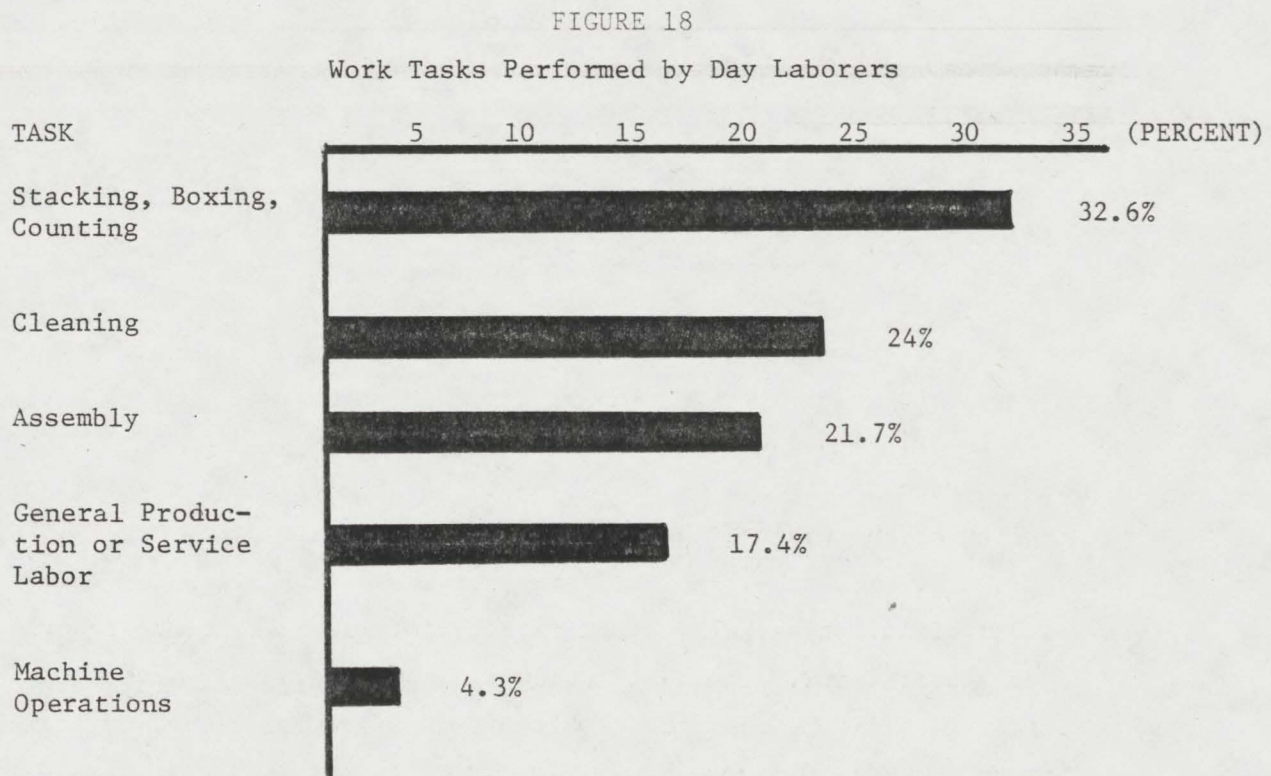
The first disadvantage, cited by 32.2 percent, was the quality of the workers. It is evident by this and other findings that the quality of the work of the day laborer was perceived to be below that of regular employees. However, this reason might be related to the second disadvantage, also cited by 32.2 percent: the cost of turnover and training. In the literature on the temporary service industry this is the most frequently cited disadvantage to using temporary workers (Gannon, 1978). It may be that the constant turnover of day laborers makes their work inferior simply because of their unfamiliarity with the tasks and procedures.

The last two reasons are conceptually close. With a population of workers that is constantly turning over, problems of quality control in production, accompanied by a greater strain on management and supervision, should be expected.

In summary, it seems the advantages of using temporary workers stem from their immediate availability to meet production goals and the relative ease with which day laborers can be dispatched so as not to upset the stability of regular workers. The disadvantages stem from worker turnover, with the consequent problems of worker quality, quality control and management authority.

B. Work Tasks and Work Training

This section examines the work tasks the day laborers perform for the business firms. Figure 18 presents the work tasks performed by the day laborers for the firms in our sample.



All of the tasks could be characterized as unskilled, with the exception of machine operating (4.3 percent), which is labeled semi-skilled by the United States Census Occupational Classification System. This suggests that a necessary condition for the utilization of day laborers are tasks requiring little skill or training. It could hardly be otherwise. With a constant turnover of labor brought about by the daily engagement of workers, complicated tasks requiring orientation and training would be too difficult to perform. Due to the nature of the day labor enterprise, almost all of the tasks must be general and simple.

Gannon (1978) surveyed the literature and found that training time is the most universal problem associated with temporary help. We asked the business respondents how much on-job training time was required for day laborers. One-third (33.3 percent) said training required less than 20 minutes. Another third (33.3 percent) reported it took between 20 minutes to one hour. The final third (33.3 percent) related that it took more than two hours. The fact that two-thirds of the tasks required only one hour or less training time is further indication that the jobs themselves tended to be simple.

However, regardless of the reduced training time, training the workers was still a problem. We asked the respondents if "the time spent by your staff training the worker was a problem." The results reveal that 20 percent said it was a "major" problem; 44 percent said it was "somewhat" of a problem; 16 percent said it was "not much" of a problem; and 20 percent said it was "not" a problem. As many of the respondents thought it was a "major" problem as thought it was "not" a problem. Overall, we rate training more problematic than unproblematic, even though the work tasks are limited to the most uncomplicated of jobs.

C. Organizational Characteristics

The organizational features of firms utilizing temporary workers has been largely unexplored in the literature of the temporary service industry (Gannon, 1978). Our sample consisted of two types of firms: relatively small manufacturing firms and service-oriented enterprises such as hotels. It is hazardous to generalize from so small a sample, but there is theoretical and heuristic evidence that these kinds of firms would be most likely to engage temporary workers.

The issue we are addressing is the economic organization of contemporary American industry. In the past decade there has been a growing interest in the economic structure of industry and how this is related to such issues as stratification and labor market operation. This interest has fostered two related but conceptually distinct bodies of knowledge. The first is the literature on the dual economy (Averitt, 1968; Baran and Sweezy, 1966; Bluestone, Murphy and Stevenson, 1973). The second is on theories of labor market segmentation (Doeringer and Piore, 1971; Edwards, Reich and Gordon, 1975; Harrison, 1972; Piore, 1969, 1970; Wachtel, 1970).

The basic theme of the dual-economy literature is analysis of the economic superstructure of American society. In large part, these writings focus on the different economic realms of competitive and monopoly capitalism (Baran and Sweezy, 1966). Averitt (1968) was one of the first to clearly delineate the characteristics of distinctly different economic sectors by contrasting two types of business firms: "center firms" and "peripheral firms." Bluestone, et.al. (1973) makes similar distinctions in contrasting the "core economy" and the "peripheral economy."

The firms in our sample of users of day labor fall into the "peripheral" sector. Bluestone, et.al. (1973, p. 29) describe this sector of industrial segmentation as follows:

Beyond the fringes of the core economy lies a set of industries that lack almost all of the advantages normally found in center firms... The periphery industries are noted for their small firm size, labor intensity, low profit, low productivity, intensive product market competition, lack of unionization and low wages. Unlike core sector industries, the periphery lacks the assets, size and political power to take advantage of economies of scale or to spend large sums on research and development.

The second relevant body of knowledge centers on the theories of labor market segmentation which we reviewed in Chapter II. Rather than focus exclusively on industrial structure, these writings more directly examine wages, conditions of employment and employment stability as delimiters of economic segments. However, there can be no mistaking the fact that a firm's organizational features will have an impact on its industrial relations. This is the point at which the two perspectives draw together to form a more or less cohesive view.

This section of the chapter will explore the organizational characteristics of the business firms and relate these structural attributes to the demand for day labor. This is particularly important in understanding the work opportunities for day laborers or workers similar to day laborers. If the day laborers are attached at all to the permanent employment market, they are most likely to be attached by those firms "renting" their services.

1. Firm Size

The number of permanent employees of our business respondents ranged from six to 1,350. One-third of the respondents (33.3 percent) had 100 employees or less. And almost nine in ten (88.6 percent) had fewer than 500 employees, which the federal government now defines as a "small" enterprise.

2. Workforce Composition

The number of temporary workers as a percentage of the total firm's average workforce tends to be relatively small. Almost three firms in four (73.3 percent) reported that temporary workers comprised 5 percent or less of their firm's total workforce, and over half of the firms (53.5 percent) reported that temporary workers were less than 3 percent of the total. However, this was the average composition for the firms. Some firms do experience peak demand periods where the total number of temporary workers rises dramatically.

3. Hiring Problems

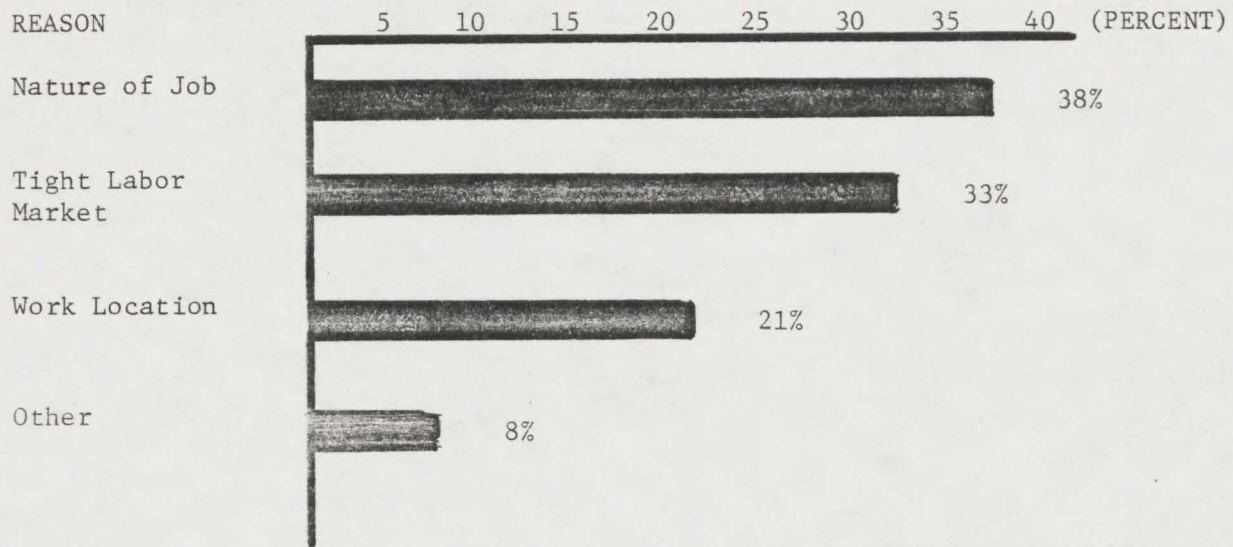
We asked the business respondents if they had any problems hiring permanent personnel for the tasks performed by temporary workers. The results revealed that 60 percent of the firms indicated hiring problems while 40 percent reported they had no problems.

The hiring difficulty can be directly related to the use of day labor. Of those firms with hiring problems, 100 percent said that problems engaging permanent workers was a reason to use day laborers. Figure 19 presents the reasons the firms gave for the difficulty they had hiring permanent workers for jobs similar to those performed by day laborers. Twenty-four reasons were given and tabulated.

The reasons are self-explanatory. The nature of the job was the largest category. In this category, we included responses relating to work hours, job conditions and wages. The second largest category was the tight labor market.

FIGURE 19

Reasons for Hiring Problems



Here we see that there might possibly be a shortage of workers willing to work at less attractive jobs. Finally the location of the job site was an important reason for hiring difficulty. The fact that THSs provide transportation for their workers seem to help not only the employees but also the customer firms experiencing labor shortages.

The relationship between hiring problems and use of day laborers can be shown in Table 8. Here we look at the relationship between hiring problems and regularity of day labor use.

TABLE 8

Hiring Problems by Regularity of Day Labor Use

Hiring Problems	Regularity of Day Labor Use	
	All of the Time	Less Than All of the Time ^a
Yes	91% n=11	35% n=6
No	9% n=1	65% n=11
$\chi^2 = 15.9$ $df = 1$ $p < .01$		

We can see that those firms using day laborers all of the time were more likely to experience hiring problems (91 percent). In contrast, those firms using day laborers less than all of the time had fewer hiring problems (35 percent). It appears that hiring problems and use of temporary labor definitely seems to be related.

4. Worker Selection Ratio

We asked the respondents a hypothetical question regarding the selection ratio for entry level workers. The hypothesis was that firms with secondary characteristics would have a high selection ratio. That is, they would reject fewer workers, treating the applicants as more homogeneous.

The results reveal that, in the aggregate, the firms rejected more workers than they accepted. Sixteen of the thirty respondents estimated that they rejected at least half of their applicants while fourteen estimated they accepted at least half of their applicants.

5. Worker Turnover

Another variable closely associated with secondary employment is worker turnover. Job instability is the defining criterion of jobs located in the secondary market (Piore, 1969, 1970). As a measure of work instability, we asked the firms to reflect on previous hiring experience and estimated the percentage of new hirees that would be on the job after six months. The results reveal that 17 of 30 firms (56.7 percent) estimated that they would retain less than 50 percent of their new workers in six months. These measures are not that meaningful without comparative data, but they do serve to indicate that the firms experience patterns of worker instability.

To relate this indication of instability to the utilization of day laborers, we compared worker turnover with regularity of day labor use. The results are shown in Table 9.

The table shows that those firms using day laborers all of the time have greater stability as indicated by lower turnover rates. Among those using day labor all of the time, 83 percent had a turnover rate of less than 50 percent, compared to 41 percent of those who used day labor less than all of the time.

From this distribution we can suggest that the use of day labor might be an important method by which firms stabilize their regular workforce. The reliance on the THS for workers in periods of intermittent demand may successfully transfer the problem of work instability outside the firm.

TABLE 9
Worker Turnover by Regularity of Day Labor Use

<u>Worker Turnover (6 months)</u>	<u>Regularity of Day Labor Use</u>	
	<u>All of the Time</u>	<u>Less Than All of the Time</u>
Less than 50%	83%	41%
	n=10	n=7
Greater than 50%	16%	58%
	n=2	n=10

$$\chi^2 = 5.15 \quad df = 1 \quad p < .05$$

6. Union Representation

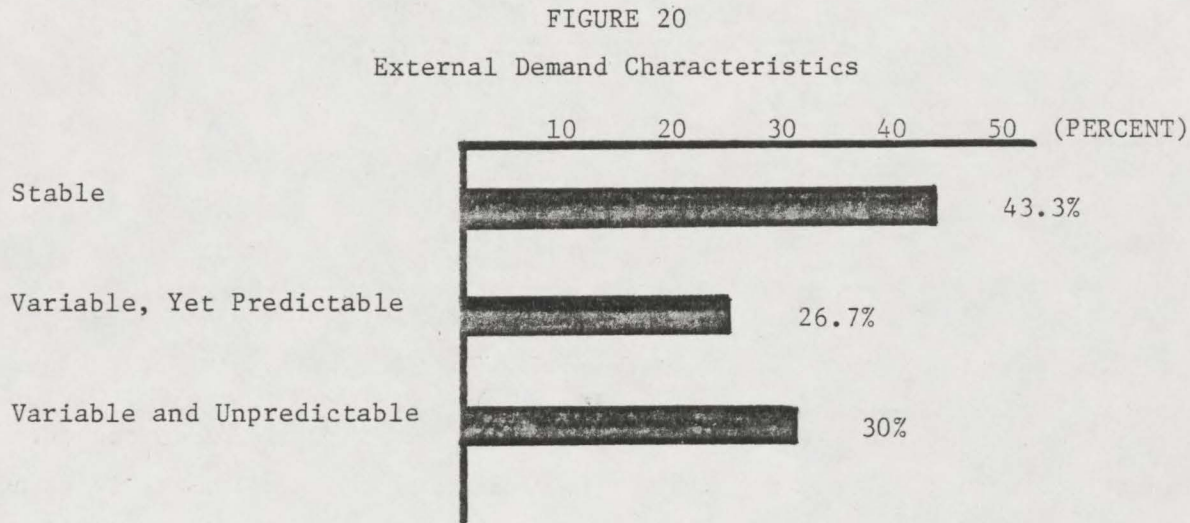
Another indication of the stability of the workforce is union representation. We found that employees in entry-level classifications similar to those performed by day laborers were represented by unions in 57 percent of the firms we sampled.

Finding that unions would tolerate temporary workers in union-represented job classifications was somewhat of a surprise. However, from one perspective it makes very good sense. Unions have an incentive to maintain a strong and stable work environment in which dues-paying members can prosper. The greatest threat to such stability is the possibility of layoffs of regular workers due to economic conditions the firm cannot control. In this situation it is not prudent for the union to expect to protect all workers. Rather, the unions will be more selective about those workers they represent and protect.

Many firms consist of two classes of workers: a nucleus of senior hands and a floating reserve of intermittent workers who are hired in time of need (Doeringer and Piore, 1971). In firms of this type, the union's mission is to protect its members from being treated as peripheral workers (Averitt, 1968). From this situation a unique convergence of union and management opinion regarding the function of day laborers emerges. The day laborers are a residual class of workers, utilized but not employed by the firm, and out of the sphere of control of the union. In this regard day laborers serve to transfer the problems of both management and union outside the firm.

7. External Demand

Problems of stability as measured by the external demand for our respondent's product or service seem to be real. We asked each of our respondents to characterize the external demand of their product or service. The results and the response anchors are presented in Figure 20.



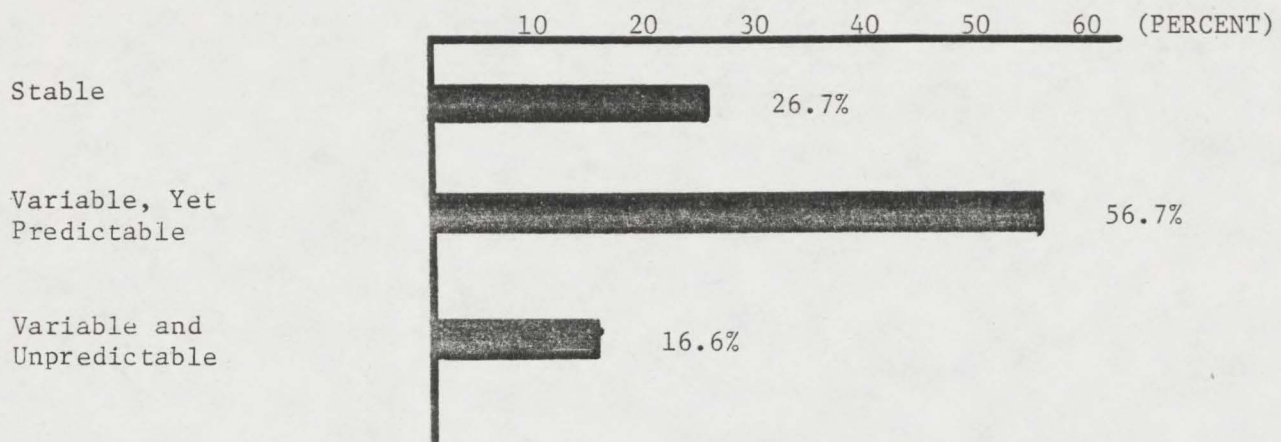
The results show that external demand is more variable than stable for the firms in our sample. This reinforces the view that the firms might be operating under conditions that would create work instability.

8. Production Process

We also asked the firms to rate their internal production process as an indicator of potential work instability. The results and the response anchors are presented in Figure 21.

Again, the results indicate that with respect to the production process, there are more forces for instability than stability. These conditions might well create an incentive for finding ways to alleviate the disruptions caused either by fluctuating demand or a fluctuating production process. Under these conditions the use of day laborers can be viewed as a method to retain more control over the firm's internal organization.

FIGURE 21
Production Process Characteristics



D. Summary

The demand for day labor evolved primarily from fluctuations in output. Given this fluctuation, and the degree of uncertainty that it causes, it is not surprising that firms would resort to methods that increase their flexibility. This seems to be the principal reason for using temporary workers who are not permanent employees of the firm.

We note that the firms in our sample have the organizational characteristics of "peripheral" or "secondary" employments. (Averitt, 1968; Doeringer and Piore, 1971). Firms of this type are more likely to experience intermittent variations in both supply and demand. The result is that employment in these firms tends to be less stable.

Yet even in firms with unstable employment patterns, workload fluctuations are more likely to affect particular categories of workers (Doeringer and Piore, 1971). Part of the workforce may be continuously employed, while other positions are sacrificed to variations in output. This was supported by our data that show most firms had union representation for job classifications that day laborers performed. The jobs that are easily sacrificed are those that day laborers can most easily perform--those in general and unskilled job classifications.

The organizational characteristics of our sample firms, largely dictated by production considerations, have important implications for the structure of labor market opportunities. Firms with volatile internal market conditions

may find it beneficial to shift the burden of flexibility outside the firm. In this regard, the THS is a valuable market institution from the industrialist's point of view. However, this creates temporary employment opportunities at the expense of permanent employment. As Morse (1969) suggests, this trend may be changing the job mix and opportunity structure for peripheral workers.

VII. Prices

In this chapter we explore the last of the four components of our labor market system: prices. Prices, or the wages, benefits, costs and incentives associated with each type of employment, are at the first level of allocation of workers and jobs. Traditional labor market theory assumes that price is a sufficient mediating force when labor supply and demand are out of balance.

However, with the temporary nature of work and the attachment of the workers to the temporary help service (THS), the pricing system of the day labor market becomes more complex. In the day labor market the real power of allocation resides in the THS (see Figure 1). This organization controls the supply of day laborers and thereby influences the demand for temporary industrial workers. In the following sections we will examine the pricing concerns for both the day laborers and the business firms.

A. The Day Laborers

Wages are a rather inflexible element in the pricing system of day labor. The minimum wage becomes both a floor and a ceiling for the earning capacity of most day laborers we observed. This effectively standardizes earnings and allows an accurate estimate of the income of day laborers.

Assuming that a day laborer earns the current minimum wage of \$3.10 per hour, and further assuming that a typical day laborer works an eight-hour shift four days a week, then the weekly gross earnings would be less than \$100 (\$99.20). Gross monthly income would be less than \$400 (\$396.80). And gross yearly income would be less than \$5,000 (\$4,761.60).

The wages of day labor are so low as to make it difficult to conceive of such an income as a "living wage." Yet a living wage is a relative phenomenon. For the most part, it is a subjective construct based on prior earnings, current expenses and future lifestyle considerations. It is difficult to isolate a living wage or to draw upon an appropriate standard by which to compare. The legal minimum wage is often used as a benchmark in wage comparisons of low income workers (Stewart, 1975). Yet, as we have noted, the legal minimum wage becomes both a floor and a ceiling for day labor earnings.

Perhaps the best standard that we can use for comparison is the income the day laborers earned when they were permanently employed. From this data (presented in Chapter IV) we found that well over half (65 percent) of the respondents reported earning less than \$5,000 in the year preceding the interview. Also, in terms of hourly earnings, 67 percent of the past permanent jobs reported by day laborers were at wage rates of \$4.00 per hour or less. And almost one-third (32 percent) of the past permanent jobs were at wage rates of \$3.00 per hour or less.

The low income of the workers and the evidence of low hourly earnings in their past permanent employment gives greater perspective to their earnings as temporary industrial workers. The discrepancy between the worker's day labor earnings and their earnings as permanent workers does not seem large. The generally low income in both work statuses has important implications for the lifestyle of the workers, their interpersonal relationships and their work preference (Piore, 1975; Stewart, 1975).

One of the unique features of day labor is that there is no traditional benefit package. Typical employee benefits such as health coverage, vacations, sick leaves and pensions are not included in the day labor employment bargain. In fact, benefits and insurance coverage are not a salient feature of the employment relationship. Only 11 percent of our day labor respondents reported that they were told of insurance coverage and benefits before being assigned a job.

The real benefits of day labor are the availability of temporary jobs with the ancillary services of daily pay and transportation. Traditional benefits associated with more permanent employment are superfluous. What, after all, is vacation time when decisions to work or not work are made daily? Other typical work benefits seem equally inappropriate when applied to day laborers. Health insurance, sick leave or pensions would all be exceedingly difficult to certify and administer given the impermanent employment attachment of day labor.

It may be that day laborers recognize the trade-off. They may forego the higher wages and benefit provisions affiliated with permanent jobs to accept temporary jobs where the primary incentive is immediacy of employment and daily pay. Some workers obviously accept this condition more willingly than others. But this trade-off does illustrate that the incentives of the day labor system are oriented to the "now." The future is left to be dealt with later.

B. The Firms

The pricing system associated with the firms' demand for day laborers can be examined at two levels. First, we can examine the "rental" agreement the firm negotiates with the THS for temporary workers. The second level is a more general examination of the variable costs associated with intermittent demand for labor.

1. The Rental Agreement

The first question to examine is how costly are the day laborers for the firm? Our data show that the fee the THS charges the firm ranges from \$4.40 per hour to \$6.25 per hour. This is a markup of 42 percent to 102 percent of the \$3.10 per hour the THS pays its employees. The average fee per hour charged by a THS was \$5.30. This represents a 71 percent surcharge over the minimum wage amount the THS pays the day laborers.

The amount of the fee varies by regularity of use and volume. In Chapter V we discussed the profit picture of the temporary service industry. Most indications are that profits are not excessive (Gannon, 1978). There is no way our study can address that issue. However, we can estimate the cost to the firms, in the context of the overall wage bill of using day laborers.

To do this we compared the cost to the firm, in terms of both wages and benefits, of using regular workers with the cost of "renting" temporary workers. We combined the wage rate of each firm's entry-level workers and the percentage of wages the firm paid for employee benefits. We contrasted this sum with the fee charged for labor by the THS. This yielded an employment bill for regularly employed workers that could be compared to the employment bill for using day laborers.

The results are somewhat surprising. For 53.6 percent of the firms, the contract rate the firms paid the THS was higher than the combined wages and benefits paid regular workers. For the other 46.4 percent, the compensation to regular workers was higher than the rates charged by the THS. This analysis presents compensation in the context of the direct cost of labor to the firm. The results show that rates charged by the THSs are roughly compatible with the employment bill of regularly engaged workers.

2. Costs of Flexibility

In Chapter VI we reviewed the elements within the firms that generated a demand for temporary labor. As the literature suggested, and as our data show, intermittent production was the major reason given by firms for their using day labor. Both Beveridge (1930), analyzing firms in casual labor markets, and Doeringer and Piore (1971), analyzing firms with general production instabilities, have focused on the consequences for employees of an intermittent demand for labor.

It appears that there are two alternative strategies for firms experiencing work load fluctuations: understaffing and "over-manning." Both of these strategies are associated with certain costs and benefits. "Over-manning" is an employment strategy that ensures that all work stations are covered in high work load periods. The benefits of this strategy is the stability bred by the exclusive engagement of regular workers. The cost of over-manning is the maintenance of unproductive labor in slack periods where not all workers are effectively utilized.

The opposite strategy is understaffing. This method employs regular workers to cover ordinary production periods. In periods of peak demand, extra workers are required. It is in association with this strategy that the use of temporary workers is most often advocated (Winter, 1972).

Understaffing is also associated with costs and benefits. The benefits can be related to lower average labor costs and labor stability among regularly engaged workers. The costs are associated with those periods when extra hands are needed. At these times the quality of the extra workers becomes an issue, as does the time spent training new workers and the concerns of quality control.

Most of the firms in our sample seem to employ the strategy of understaffing. To a large degree, this explains their need to contract for extra workers outside the firm. The decision on which strategy is the best is an idiosyncratic matter. In some firms an entrenched union can create pressures for overmanning. In other firms the strategy was seemingly based on the severity of the production fluctuations. In other firms the inability to hire regular workers dictated the use of temporary workers. In any event, it is likely that many firms will continue to operate under conditions that make the utilization of day laborers an appropriate staffing alternative.

VIII. Conclusions

This analysis of a day labor market represents an attempt to understand the character of employment processes on the periphery of an urban labor market. To conduct the investigation we adopted a methodology combining data from three sources: temporary help services (THSs), temporary industrial workers (day laborers), and business enterprises using temporary workers. This approach allowed us to interweave elements of a labor market structure that typically are not considered in examinations of employment issues.

In large part, our research strategy was dictated by the phenomenon under investigation. We were interested in the dynamics of day labor--its uniqueness as a temporary employment option and its relationship to permanent employment. In both instances we found that structural as well as individual factors were important. Day labor as a form of temporary employment was defined largely by the intermittent demand of industry for non-permanent labor. Similarly, the relationship of day labor to permanent employment was dictated by the nature and quality of the employment opportunities available. Thus, our research strove for a multi-dimensional perspective. The search for an explanation was to be found in the interplay of demand factors within industry for labor and the supply characteristics of workers.

In many ways, day labor as a form of temporary employment and day labor as a potential avenue to permanent employment are difficult to distinguish. However, both features of day labor should remain distinct. The reasons for this are twofold. First, the nature of the job offers is distinct (non-permanent vs. permanent). Secondly, differing conceptual frameworks exist in the literature that help explain the distinction between temporary and permanent employment.

In this concluding chapter we will consider the dual nature of day labor. First, we will review day labor under the conceptual framework of casual labor. The important distinction is that day labor, like other casual labor, is created by intermittent, non-permanent demand for labor by industry. Here we find that the resulting job opportunities are temporary and the attachment between worker and firm is not solidified by normal employment bonds.

Second, we will review the links between day labor and permanent employment. This allows us to move beyond the analysis of day labor as a form of

temporary employment into the mainstream of the debate on labor market structure and operation. In particular, we found that theories of labor market segmentation provided a useful framework to understand the dynamics of permanent employment on the economy's periphery.

A. Day Labor as Casual Labor

At its most basic level, the operation of the THSs and the day labor market can be understood as a broad, interlocking casual labor market. As in traditional casual labor industries, the existence of day labor can be largely attributed to an intermittent demand for labor. Our data show that the greatest reason for the utilization of day labor was production fluctuations that were largely out of control of our respondent firms.

This should not be surprising. In many industries shifts in labor demand are not due to the slow rise and decline of those firms, but to the day-to-day fluctuations in their activity. In these industries, workers may be hired one day to perform the required tasks and laid off the next. Workers and firms do not develop stable attachments, because the workers' labor is not needed permanently. In this way day labor as casual labor is a disposable manpower resource. It is used when it is needed and discarded when it is not.

Day labor and traditional casual labor markets can, however, be distinguished. The unique feature of the day labor market is that there appears to be no industrial boundary within which day labor is contained. The THSs have proven effective in responding to the intermittent demand for labor in firms across the industrial spectrum. In this sense, the THSs have organized and extended temporary work beyond the limits of the traditional casual labor industries of longshoring, construction and harvesting.

The analysis of the market for temporary industrial labor, the focus of this study, generates an awareness that the economy requires that work be done at odd times, in odd places, and by different sized firms in different product or service markets. This fact makes it imperative that a certain flexibility in production be maintained. In response, it also means that a certain degree of instability of employment must be created. In this way, day labor can be understood as a manifestation of the ongoing pattern of demand for non-permanent labor generated by the economy's inherent variability.

Given the nature of the demand for their labor, the work pattern of day laborers is classically competitive. The day laborers in Minneapolis could pick and choose from a wide variety of intermittent, short-term, non-permanent job offers. Yet, as in other classically competitive markets, there is little in this system of employment to differentiate jobs or workers (Fisher, 1953). Moreover, the workers, like the individual grain farmer, have no impact on the price of their product (in this case, their labor). The consequence is that workers have the freedom to choose among different jobs, yet the jobs themselves provide little to choose from. To a great extent all of the jobs are low paying; most are unpleasant and most provide little incentive for stable employment.

With these conditions prevailing, the employment status of day laborers is ambiguous despite their embodiment as textbook examples of free economic agents. When contrasted with workers in good jobs who are protected by strict personnel screening methods, internal labor markets and union representation, day labor employment becomes considerably less attractive. Workers in these markets may be less able to vary their employment relationships, but they are compensated by higher wages, increased benefits and a greater assurance of a stable future.

However, there are jobs in the economy that are not so attractive. Many workers are confronted with permanent jobs that are similar in content to the casual employments of day laborers (Piore, 1969). The work in these markets is typically menial and low-paying; it provides no future for advancement. When contrasted with these jobs, the employment option of day labor becomes more understandable. The workers may feel that it is acceptable to work at menial jobs on a temporary basis, making no permanent commitment and with the convenient option of disengaging from unattractive jobs at will. Whereas, accepting the same job on a permanent basis would be less desirable.

While the benefit of day labor to the workers is ambiguous, the benefit of this type of labor to industry is not. Our data support the interpretation that the use of day laborers is an attempt to stabilize the level of employment of a firm's regular workers. This is done so that the costly effects of production fluctuations can be transferred outside the organization. When production varies, many firms find that the engagement of non-permanent labor is one way to contain the costs of uncertainty.

One danger, however, is that the resulting peripheral employment pattern can make day laborers a "non-competing" group in the labor force, subject to intermittent conditions of work, inferior wages and inferior status. This can happen because there is little in this system of employment that develops strong attachments between workers and jobs. This is a particularly cogent issue with day laborers, because their relationship with any industrial employer is mediated by the THS. It is in the best interests of the THS to exploit this weak attachment between day laborers and employers, because this insures the THS's own growth and profitability. The result is that day laborers are encouraged to follow an employment cycle consisting of one temporary, low-paying job after another.

Of course, the conditions of peripheral employment are accepted more willingly by some workers than others. In some cases the employment option of temporary, irregular employment may be the only opportunity for a job a worker has. Yet the danger of this employment pattern is that it can harden and perpetuate the status of the day laborer.

This danger was exemplified by a number of findings. First, we found that the prior permanent work experiences of the day laborers were not viewed as an attractive alternative to temporary industrial employment. It may well be that the prior permanent work experiences of the respondents served as a disincentive to commit themselves to a full-time permanent job. Second, we found that the operation of temporary help services created institutional constraints that could bind a worker to the day labor market. Operational elements such as daily pay, prohibitions against taking full-time jobs, provision of transportation and preferential assignments that were created to attract and retain workers also made it more difficult for them to stop working at day labor. Finally, the most general explanation is that the association with irregular, chance, short-term employment can develop lifestyles and attitudes inconsistent with the demand of full-time permanent employment. This would seem of particular importance the longer the workers are involved with peripheral employment. And our findings indicate that those workers affiliated with day labor the longest showed the clearest evidence of discouragement with permanent work.

B. Day Labor and Permanent Employment

To understand the relationship between day labor and permanent employment, it is important that we make explicit that permanent jobs vary in character. Labor market segmentation studies have been instrumental in emphasizing that the differential nature of jobs has implications for the analysis of employment issues (Edwards, et. al., 1975). Very simply, this perspective maintains that the labor market is partitioned into sectors with different operational characteristics. Employment in the "primary" sector typifies the work pattern of mainstream blue-collar and white-collar workers. The jobs are relatively well-paying with acceptable work conditions and an emphasis on learning and training on-the-job with the potential for advancement. It is jobs within this sector that come to mind when we think of employment problems as being "solved."

In contrast, the "secondary" sector of the labor market is associated with menial, low-paying jobs that offer little incentive for work stability. Rather than "solving" employment problems, secondary employments are viewed by some as merely perpetuating a cycle of underemployment (Gordon, 1972). The jobs are such that they don't engender work attitudes consistent with stable employment, because the rewards from work are so small. Thus, alternatives to permanent work--i.e. day labor--can become increasingly attractive to those workers whose predominant experience in the labor market has been within the secondary sector.

Many authors have examined the employment experiences of workers not attached to the mainstream of the job market (Dizard, 1968; Fisher, 1953; Gans, 1962; Liebow, 1967). Implicit in their works is a view that is at the core of the market segmentation perspective. Namely that the quality of the jobs that have formed the experiential base of the workers greatly conditions employment outlooks and behavior. Liebow (1967; pp. 53, 212) states:

With few exceptions, jobs filled by the street-corner men are at the bottom of the employment ladder in every respect, from wage level to prestige. Typically, they are hard, dirty, uninteresting and underpaid... (The Worker) has little vested interest in such a job and learns to treat it with the same contempt held for it by the employer and society at large. From his point of view the job is expendable; from the employer's point of view, he is (emphasis added).

This statement suggests that the employment of individual workers cannot be understood separately from the types of jobs they have held or expect to hold. This means that the definition of employment problems must include both the characteristics of workers and the characteristics of jobs that make up the opportunity horizon of the workers.

Our data included many factors relating to the permanent employment of day laborers. We found that the employment norm for most of our respondents was full-time, permanent work. This was the case as we explored the employment histories of the workers, the work preferences at the time of the interview, and the future expectations of the workers.

Despite the avowed preference for permanent work, the permanent job histories of most of the day laborers were not very impressive. We concluded three things with respect to the permanent work experience of the day laborers.

- Most of the jobs were in low-skill classifications.
- The wages of the permanently held jobs were low.
- The patterns of permanent employment revealed a great deal of job turnover and instability.

The nature of the permanent employment experiences of the workers may have had an impact on their decision to work at day labor. The reasoning might follow that if past employments were unattractive, then the employment option of temporary work becomes more acceptable, especially if there is no prospect for attractive permanent jobs. However, it is difficult to discern the impact of past employment in isolation. We need a more direct contrast between workers' preferences as they relate to specific employment opportunities.

As a way to discern the structural relationship between day laborers and permanent employment, we examined the entry-level job characteristics of firms utilizing temporary industrial workers. We did this for both heuristic and theoretical reasons. First, we reasoned that if day laborers were attached to the permanent employment market at all, they might be attached through those firms renting their services.

Second, most of the workers reported being offered permanent jobs while on temporary assignment. Thus, for some workers, day labor had the potential of serving as a form of job search. This factor provided a useful opportunity to relate worker employment decisions directly to specific work contexts.

Finally, the literature on segmented labor markets suggests that firms with an intermittent or casual demand for labor might also share characteristics

of secondary employments (Doeringer and Piore, 1971). This perspective maintains that job quality is related to the organizational context of work and the social relations of production. Unlike primary employments, secondary employments, for a variety of organizational and market reasons, do not produce employment stability for certain categories of work. Within those categories work is typically low-paying, unpleasant and dead-ended. The result is a high degree of job turnover and instability as new workers realize they must look elsewhere for enhanced employment opportunities.

Our examination of the entry-level jobs of most firms utilizing day laborers revealed findings consistent with the market segmentation perspective. Most of the firms experienced problems hiring entry-level workers. In fact, 20 percent of the firms related that their primary reason for their use of day labor was related to their inability to hire regular employees. Most of the hiring problems seemed to be related to unattractive job conditions or pay. Thus, day labor for these firms served as a potential source of recruitment for entry positions. And all of the firms related that at one time or another they had hired a temporary worker permanently.

Related to the hiring problems of these firms was the fact that most had relatively high rates of turnover in entry-level positions. Also, most firms experienced instabilities in their external product or service markets and their internal production processes. All of these findings lead to the conclusion that these firms were dominated by characteristics associated with secondary employments.

The above delineation of the firms utilizing day laborers is important to consider. Now we can examine the relationship between firms offering permanent employment opportunities and the worker's response to these offers within a specific context.

As mentioned, most workers preferred full-time employment. Similarly, most of the workers responded that they had been offered permanent work by firms while on temporary assignment. Yet only a few of the workers reported using their day labor assignments to land permanent work. The evidence suggests that most workers rejected the offers of jobs while on day labor assignment. Further, despite the strong preference expressed for full-time work, most of the workers stated that there were no jobs available that they would accept at the time of the interview.

There are two rival explanations for the discrepancy of day laborers preferring jobs on the one hand yet rejecting available opportunities for full-time work on the other. The first explanation is summarized by the view of a manager of a THS who stated: "Day laborers don't want permanent jobs." This position maintains that despite responses to the contrary, the day laborers really do not want to work full-time. This view is dominant among those who only consider employment issues at the individual level. By only looking at the intermittent work behavior of the day laborers, or by inferring skill capacity by work experiences, it is easy to conclude that day laborers do not want or are not suited for permanent work.

A second explanation includes factors beyond the individual characteristics of the workers. This view is consistent with the market segmentation perspective as it considers the nature of available work opportunities and the ways workers respond to the opportunities. From this perspective, the best way to explain the discrepancy is to point to the fact that workers want good jobs and don't want bad ones.

Thus, one explanation why day laborers rejected jobs they were offered while on temporary assignment relates to the finding that those permanent jobs shared the characteristics of secondary employments. The work that was to be done was unattractive to the workers. The workers might be willing to perform the job tasks on a temporary basis, but were not willing to commit themselves on a permanent basis.

With this second perspective we see that the employment issue has been changed. No longer is the employment problem framed simply by considering whether workers want to work or don't want to work or whether the workers are skilled or not skilled. Now a structural variable has been included. The individual's decision to work is contingent on the available work opportunities. Our research has made clear that jobs vary in attractiveness and their ability to provide stable employment opportunities for workers. Some jobs are more conducive to a full-time employment effort than others. Yet this fact is often ignored. When workers reject jobs they deem undesirable, or accept unattractive jobs for only a short period, they risk being labelled as unemployed, with no consideration given to the industrial conditions that may be the cause of their behavior.

Our examination suggests the second of these explanations best captures the experience of day laborers. The broader implication of this finding is

that employment issues must be considered double-edged; they should be framed to consider the relationship of job characteristics to worker behavior. This is particularly true for workers at the periphery, including day laborers, because they are most in jeopardy of being negatively affected by inferior jobs.

Footnotes

1. In very simple terms, the marginal productivity of labor stems from labor's contribution to the firm's economic output--its marginal physical product. This can be defined as the additional output secured by using one more unit of a factor (labor). For a good discussion of the marginal productivity theory as it applies to labor, see Lester C. Thurow, Generating Inequality: Mechanisms of Distribution in the U.S. Economy, New York: Basic Books, 1975.
2. Although theories of labor market segmentation have gained a new emphasis during the past ten years, the basic idea has had a long lineage. The idea can be traced by the J.E. Cairnes' theory of "non-competing groups." See J.E. Cairnes, Some Leading Principles of Political Economy Newly Expounded, New York: Harper and Brothers, 1874.
3. Our observations found very little evidence of other minority groups in the population of day laborers. Because of this we only included the two dominant minorities: Blacks and American Indians.
4. We would like to thank Tom Dewar of the Minnesota Project for bringing this concept to our attention.
5. Minnesota statutes do not apply to THSs, although they do regulate employment agencies within the state. See M.S. 184.21-41.
6. A sign displayed in the front window of a THS:

Rent-A-People Are Happier People

Hey, Office Slave:

Do you hate going back to the same old job today?
Would you like the next week off but they won't give it to
you? Would your family like to see you at home more, but
you need the extra income? Do you like finding new chal-
lenges and meeting new people when you want to?

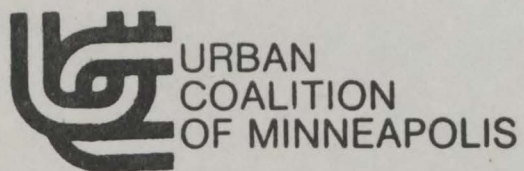
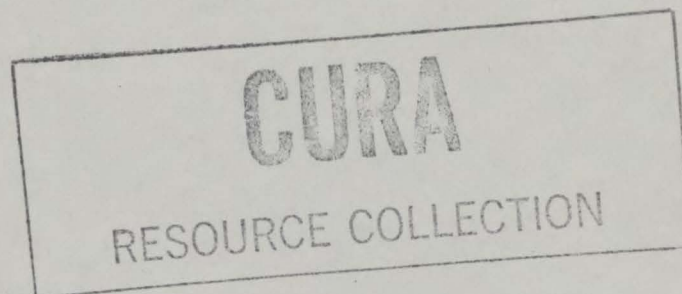
CAST OFF YOUR CHAINS! JOIN US!
7. We would like to thank Professor George Seltzer of the University of Minnesota for calling our attention to this concept.

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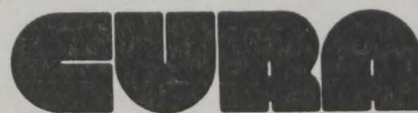
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